



CATAPULT DELIVERS STRONG ANNUAL RECURRING REVENUE OF \$68.8 MILLION, UP 20%, AND POSITIVE EBITDA OF \$5.7 MILLION



26 FEBRUARY 2020

Catapult Group International Limited (ASX:CAT, 'Catapult' or the 'The Company') is pleased to provide audited financial results for the half-year ending 31 December 2019 (H1 FY20).

FINANCIAL HIGHLIGHTS

(all growth rates are YoY unless specified)

- EBITDA of \$5.7 million, up \$7.1 million or 512%*
- ARR (annual recurring revenue) of \$68.8 million, up 20%
- Revenue of \$50.7 million, up 18%
- Net loss after tax of \$4.8 million, an improvement of 48%
- Positive free cash flow of \$13.6 million with \$24.7 million cash at bank
- 66% growth in customers with more than one Catapult solution

*Adjusted for the impact of AASB16 adoption, EBITDA is \$4.7 million with a corresponding growth rate of 441%.

SCALE AND OPERATING LEVERAGE DRIVING PROFITABLE GROWTH

Catapult is pleased to report EBITDA of \$5.7 million in H1 FY20, an improvement of \$7.1 million, driven by continued strong revenue growth of 18% and a decline in operating expenses. Adjusted for the impact of AASB16 adoption, EBITDA is \$4.7 million with a corresponding growth rate of 441%.

The Company delivered 18% revenue growth for the second consecutive half year while operating expense growth declined from 9% in FY19 to negative 4% this half. Continuing focus on Catapult's SaaS business model is the value driver behind these results with ARR growing 20% to \$68.8 million.

GLOBAL MARKET LEADERSHIP

Catapult's customer base globally grew 19% since December 2018, while there was 66% growth in the number of customers with more than one Catapult solution. Growing the number of multi solution customers through cross selling remains a significant growth opportunity for the future.

Customer signings from the last six months reinforce Catapult's global market leadership position.

Catapult continued to demonstrate its strength with leagues including the recently announced landmark league wide deal (LWD) involving 36 teams across the top two tiers of Colombian Football (DIMAYOR). All teams will access both Catapult's wearable and video products, as part of performance and health solutions, and tactics and coaching solutions.

Other LWDs were signed with Major League Rugby in the US, and the NRL and ARU in Australia. Further high-profile customer signings for subscription partnerships included the Cleveland Indians and Toronto Blue Jays (MLB), US colleges Texas Tech University, Stanford University, University of Iowa, as well as the Los Angeles FC and New York Red Bulls in MLS.

AMERICAS CONTINUES TO DELIVER WITH 21% REVENUE GROWTH

The Americas customer segment powered by Catapult's NAM business delivered 21% revenue growth to \$35.5 million. The Americas continues to be Catapult's largest and most valuable market representing 70% of Catapult's revenue and 45% of our customers. North America continues to represent a key market opportunity with a large unaddressed market including NCAA university customers.

Elsewhere, the EMEA region delivered growth of 15.5% to \$10.1 million. The emerging Asia-Pacific (APAC) delivered revenue growth of 10%.

GROWING DEMAND FOR NEW PRO SOLUTIONS

Performance and health solutions (including wearables) revenue of \$23.7 million is up 21%. The focus on creating long-term value is reflected in strong subscription revenue growth of 28%. Subscription revenue is 71% of revenue and 89% of revenue growth.

Positive customer demand for Vector is supporting this high quality growth in subscription revenue. 12% of our performance and health customer base has already taken up Vector. Subscription churn remains low at 4.8%, in-line with churn of 5.2% during FY19.

Tactics and coaching solutions (including video) revenue grew 16% to \$24.0 million. Subscription revenue growth was strong, up 22%, reflecting our focus on creating long-term value. Global demand for Catapult Vision is growing (all subscription revenue) with revenue up 508%. The Americas customer segment revenue for tactics and coaching solutions grew 16%.

PROSUMER SEGMENT DELIVERS EBITDA IMPROVEMENT

Prosumer delivered strong EBITDA improvement with a loss of \$0.4 million compared with a loss of \$3.6 million in H1 FY19. The improvement is attributable to the restructuring of the consumer sales channel including a reduction in consumer marketing spend as well as broader operating cost containment. Prosumer overall delivered revenue growth of 9% in the period to \$3 million, in line with management's expectations following reduced investment.

STRONG FREE CASH FLOW

As seasonally expected, cash receipts were strong in the first half FY20. Catapult delivered free cash (operating and investing cash flow) of \$13.6 million with cash receipts growing 19% to \$65.9 million in-line with revenue growth. Operating cash payments fell 10% as the SaaS business model scaled and the Company managed working capital and the Prosumer segment cash burn, in-line with the previously announced commitment.

Catapult continues to invest heavily in R&D to create long-term value for our customers and maintain our market leadership position in a growth industry. Investing cash outflows were 6% higher at \$7.3 million.

Catapult is in a strong financial position as the business transitions to generating positive free cash flow on an annualised basis. As at 31 December 2019 cash at bank was \$24.7 million. Catapult remains debt free.

STRATEGY

Following his commencement in November 2019 Catapult CEO Will Lopes has outlined Catapult's strategy and philosophy for growth.

Catapult's vision is to create the platform of solutions for sports teams and athletes. Catapult's strategic focus is evolving from a 'product stack' to constant generation of solutions focused on the customer.

The three objectives underpinning the strategy are:

1. Customer Obsession
2. Capital investment with long-term focus
3. Deeply analytical decision making.

The financial goal of this philosophy is to generate long-term free cash flow.

OUTLOOK

The company is committed to growing ARR as our platform expands, improving operating cost efficiencies as it grows, and generating free cash flow.

The Company reiterates its commitment to positive free cash flow by FY21. Catapult is focused on bringing forward this positive free cash flow target to the extent possible.

These expectations remain consistent with Catapult's original FY20 outlook provided in August 2019.

With \$24.7 million of cash on hand at 31 December 2019, and growing operating leverage, the Company is well positioned as it transitions through to positive free cashflow.

COMMENTS

Commenting on the results Catapult's CEO Will Lopes said:

"Today we have announced 20% growth in recurring revenue and 512% growth in EBITDA. These results are the hallmark of a scaling successful SaaS business; the ability to grow the top line while becoming efficient in scale. It was these fundamentals, along with Catapult's continued leadership in an exciting and high growth industry, that excited me when I joined.

Catapult's transition to a profitable and long-term free cash flow positive company continues following our second consecutive half-year of positive EBITDA and a record free cash flow result. As we move forward in creating a comprehensive platform of sports technology solutions for our customers, it is exciting to have such a strong springboard to initiate the next phase of our company, focusing on long-term growth of recurring revenue and free cash flow.

I want to reaffirm my focus is to build long-term value for our customers, employees and shareholders by building on our leadership position with customers. Our H1 results reaffirm that we are on a positive path to deliver on this focus."

Authorised for release to ASX by the Catapult Board.

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FORWARD-LOOKING STATEMENTS

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