



CATAPULT REPORTS STRONG SUBSCRIPTION GROWTH; EBITDA RISES 225% TO \$13.3M; POSITIVE FREE CASH OF \$9M DELIVERED A YEAR EARLY



19 AUGUST 2020

Catapult Group International Limited (ASX:CAT, 'Catapult' or the 'The Company') is pleased to provide its audited financial results for the year ending 30 June 2020 (FY20).

FINANCIAL HIGHLIGHTS (all growth rates are YoY unless specified)

- EBITDA* of \$13.3 million, up 225%
- Positive free cash flow* of \$9.0 million, up \$26.1 million
- \$27.5 million cash balance at 30 June 2020 (\$39.8 million at 14 August 2020)
- Subscription revenue of \$77.6 million, up 21%
- Revenue \$100.7 million, up 6%
- 39% growth in customers with more than one Catapult solution

SCALE AND OPERATING LEVERAGE DRIVING PROFITABLE GROWTH

Catapult is pleased to report EBITDA of \$13.3 million in FY20, an improvement of \$9.2 million, driven by continued strong subscription revenue growth of 21% (total revenue growth 6%) and a decline in operating expenses.

The Company committed to deliver positive free cash flow into FY21 and it is pleased to achieve this goal a year earlier than planned, in spite of COVID-19.

The Company has now delivered five consecutive half-years of consistent EBITDA growth driven by its continued focus on efficient implementation of a SaaS business model resulting in higher operating leverage and profitable growth.

* Adjusted for the impact of AASB16 adoption, EBITDA is \$11.4 million with a corresponding growth rate of 178% and positive free cash flow is \$7.0 million.

RESPONDING TO COVID-19 CHALLENGES

Catapult's SaaS business model, loyal customer base, innovation focus and effective management response held the company in good stead during the global lockdown of professional sports through late FY20.

Our major 4Q (4th quarter) selling season was disrupted by COVID-19, pushing sales into 1H FY21. Combined with our conscious focus on driving subscription sales, capital sales (-27.6%) were most affected and total FY20 revenue was estimated to be \$14.5 million lower. Cash collections were strong through the second half.

Despite COVID-19, subscriptions revenue grew strongly in 4Q within our core verticals: Performance & Health (wearables) up 25% and Tactics & Coaching (video solutions) up 11% on 4Q FY19.

Catapult's new COVID-19 innovations are now used by over 2,000 athletes and customer utilisation of our solutions is now higher than a year ago.

Management swiftly imposed cost measures in late March 2020. As the impact on the business wasn't as severe as management had prepared for, Catapult has begun lifting cost measures.

OPERATING HIGHLIGHTS

Subscription revenue growth +21%

Catapult achieved strong growth in subscription revenue (+21%) in FY20. All verticals contributed with Performance & Health +29%, Tactics & Coaching +10%, Management +26% and Media and Engagement +27%.

Global scale and low churn

Catapult continued to win marquee customer signings, be successful with League Wide Deals (LWD), grow multi-solution customers, secure deal renewals and extensions, and report low churn in FY21.

Catapult's global customer base expanded to 3,246 with marquee signings and renewals including Real Madrid, Chicago Bears, Stanford University and the England and Wales Cricket Board. Prominent LWDs were the signing of Dimayor (top two tiers of Colombian Football with 36 teams) and Major League Rugby.

Customers with more than one solution grew 39% YoY, and significantly contributed to continued low customer churn with ACV churn for FY20 at 6.7% compared to 6.3% in FY19.

Introduction of 26 new customer-facing solutions

Catapult invested \$9 million in R&D in FY20 to drive future growth and build on its industry leadership position. 96% of this investment was focused on Pro segment innovation. In the last year Catapult delivered 26 customer-facing solutions including COVID-19 innovations and upgrades for Pro segment customers across soccer, baseball, rugby and US college football.

Corporate Maturity

Catapult continues to increase its focus on its key US market with US customers now contributing 65% of Catapult's revenue. Senior appointments in FY20 included a US based CEO, COO and SVP of Product. This North American opportunity will be further highlighted by the Company moving to a USD reporting currency in FY21.

Board capability and independence was improved during FY20 following the appointment of Michelle Guthrie, and the return of Jim Orlando to a non-executive director role.

PROSUMER DELIVERED \$5.4 MILLION EBITDA IMPROVEMENT

Prosumer delivered strong EBITDA improvement with a loss of \$0.7 million compared with a loss of \$6.1 million in FY19. The improvement is attributable to the restructuring of this business delivering operating cost containment and lower marketing spend. Prosumer revenue declined 7.7% with sales impacted by COVID-19 lockdowns in key markets.

POSITIVE FREE CASH FLOW OF \$9 MILLION, A YEAR EARLIER THAN EXPECTED

Despite the COVID-19 impact on pro sports, Catapult's cash receipts held up well through the second half of FY20, reflecting its strong subscription revenue base and scalable SaaS business model, including working capital efficiencies. Cash burn was also managed in the Prosumer segment in-line with the strategy to reset the Prosumer business. There were also temporary cost-reduction benefits associated with COVID-19 resulting from temporary employee furloughs and salary reductions.

Positive free cash flow of \$9 million was achieved a year earlier than expected, further de-risking the Company. This achievement includes continuing investment in R&D which was \$9 million in FY20.

Catapult is in a strong financial position. At 30 June 2020 its cash position was \$27.5 million (\$39.8 million at 14 August 2020). This includes \$7.3 million drawn from a debt facility in March 2020 at the beginning of COVID-19 lockdown restrictions.

OUTLOOK

FY21 will be a shorter financial year comprising nine months as a result of Catapult changing to a 31 March year end. The change of year end and switch to a USD reporting currency will better reflect the Company's underlying successful operating and earnings profile driven by its growth in the northern hemisphere market.

The company remains committed to maintaining positive free cash flow in FY21.

Catapult also expects revenue to return to growth rates consistent with the company's history, although this is in part dependent on the duration and nature of COVID-19.

R&D investment is expected to return to more historical levels compared with the low base reported in FY20, and will bring Catapult more into line with the R&D investment profiles of high growth global technology businesses.

The delays and temporary closures of many sports over recent months have shifted the company's sales cycle, and consequently a significant proportion of sales that would otherwise have been made in 4Q20 are now expected to be made in 1H21. We believe the long-term underlying revenue growth rate of the Company has not been impacted by COVID-19. It is too early to comment on the short-term (FY21).

There is further de-risking potential for Catapult's business should professional sport continue to adjust effectively to the operational requirements of a COVID-19 affected world.

COMMENTS

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

"These results reflect why I was excited to join Catapult last November. It demonstrates that the fundamentals of a strong recurring subscription business coupled with a low-churn customer base creates amazing operating leverage. This operating leverage allowed us to achieve positive cash flow a year ahead of plan under the extremely challenging and stressful circumstances presented by COVID-19. It has excited me even more about our prospects as we continue to innovate on behalf of our customers.

Despite our Q4 slowdown, our staff was able to grow subscription revenue 21% from last year and deliver 26 new features to our customers. Our ability to execute in such trialing times is a great sign of our product strength, our employees' dedication to our customers, and the experience of our executive team.

I am proud of what we've accomplished at Catapult since my arrival. This positive cash flow inflection point means we are a great SaaS business that is well positioned to scale while delivering great service to our customers and value to our shareholders."

INVESTOR AND ANALYST BRIEFING

A teleconference will be held for investors and analysts at 8.30am (AEST) on Thursday 20 August 2020.

To pre-register for this teleconference please use the following link:

https://catapultsports.zoom.us/webinar/register/WN_qoNieFbUQQC2bsrTxWtA2Q

Registered participants will receive a calendar invite and meeting link (and dial in number if required) which is to be used when connecting into the call.

A recording of the conference call will be made available on the Catapult Investor Centre website: <https://www.catapultsports.com/investor>.

Authorised for release to ASX by the Catapult Board.

For media and investor enquiries, please contact:

BODEN WESTOVER

Brand & Communications

boden@catapultsports.com | +61 431 221 343

ANDREW KEYS

Investor Relations Manager

investor.relations@catapultsports.com | +61 400 400 380

Important notice

This document may contain forward looking statements including plans and objectives. Do not place undue reliance on them as actual results may differ, and may do so materially. They reflect Catapult's views as at the time made, are not guarantees of future performance and are subject to uncertainties and risks, such as those described in Catapult's most recent financial report. Subject to law, Catapult assumes no obligation to update, review or revise any information in this document.

While Catapult's results are reported under IFRS, this document may also include non-IFRS information (such as EBITDA, contribution margin, free cash flow, annual recurring revenue (ARR), annualised contract value (ACV), lifetime duration (LTD), and churn). These measures are provided to assist in understanding Catapult's financial performance. They have not been independently audited or reviewed, and should not be considered an indication of, or an alternative to, IFRS measures.

The information in this document is for general information purposes only, and does not purport to be complete. It should be read in conjunction with Catapult's other market announcements. Readers should make their own assessment and take professional independent advice prior to taking any action based on the information.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the presented figures.