



# CATAPULT 2021 AGM

## CHAIRMAN, CEO ADDRESSES

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**AUGUST 20, 2021**

Catapult Group International Limited (ASX:CAT, 'Catapult' or the 'Company') attaches a copy of the Chairman and CEO addresses which are to be delivered to shareholders at its Annual General Meeting commencing at 10:00am (Melbourne time) today.

*Authorized for release to ASX by the Catapult Executive Chairman, Dr Adir Shiffman.*

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## CATAPULT GROUP INTERNATIONAL LTD

2021 Annual General Meeting

Friday, August 20, 2021 at 10:00am

### Chairman's Address

We are very proud of the significant progress Catapult has made during this historically challenging year.

Entering the year, the Company faced a sports industry dealing with world-wide postponements and cancellations of major competitions. Catapult's customers faced huge financial challenges from the pandemic's impact. Despite the challenges presented, Catapult stayed focused on customer retention, high margin subscription sales, and efficiency improvements.

Catapult leveraged its technology leadership to introduce new solutions dedicated to supporting its customers dealing with COVID impacts, including the ability to train athletes remotely, provision of an athlete proximity report for contact tracing, and the ability for coaches to conduct high-definition video analysis remotely.

Following an unprecedented year of delayed and disrupted training, athletes using Catapult technology continued to compete at the highest level and perform at their best - including at the 2021 Tokyo Olympics. Catapult athletes earned eight gold medals, nine silver medals, and seven bronze medals overall. Most notable was the high-profile Women's Football Final between Sweden and Canada, where Canada won gold for the first time ever.

The 24 podium placements in Tokyo come on the heels of a championship year for Catapult athletes on other major competition stages. From Wimbledon to Copa America to making NBA history in Milwaukee. The athletes using Catapult data and insights to unleash their potential are dominating competition around the world.

Catapult's subscription revenue model proved to be resilient in ensuring the health of the Company's balance sheet, and the sustainability of its investments in growth.

While more information on our FY21 achievements and in particular the second half momentum highlights is provided by Will Lopes, it is worth me noting Catapult's major FY21 financial and operating highlights included:

- Growth in Annualized Contract Value (ACV) of 16.5%
- ACV growth in EMEA and APAC was 57% and 34%, respectively
- ACV in Performance & Health grew 32% in FY21, far exceeding pre-COVID FY20 growth of 12%
- FY21 ACV Churn of 5.5%, was a 14.1% improvement from FY20, despite the COVID challenges
- Customers with two or more solutions grew 17%, highlighting the value of Catapult's customer platform
- We increased Contribution Margin from 47.1% to 48.2%, as efficiency improved



- Subscription revenue constituted 79% of total revenue, up from 71% in FY20, reflecting the strategic focus on high-quality SaaS revenue over one-time capital sales, and
- We delivered a second consecutive year of positive and growing Free Cash Flow (up from \$2.9m to now \$4.9m), underscoring the Company's long-term cash generation capability

Preparations to scale Catapult for high growth and sustained technology leadership continued. Late in the year, Catapult announced the appointment of Tom Bogan to the Board as an Independent Non Executive Director. Tom is Catapult's first US based director and the Chairman of the newly established SaaS Scaling Committee. Tom has a diverse, long, and celebrated history in successfully hyper-scaling numerous US based B2B SaaS businesses as a CEO, Chairman, and investor, including leading several billion-dollar transactions.

The enhancement of executive team capability continued and we have welcomed a new COO, CPO, CTO, General Counsel/Company Secretary, SVP of Product, and SVP of Revenue Operations.

As the Chairman of a high-growth SaaS company, with a growing global customer base and market leadership, I am pleased the broader investment market is beginning to recognise the value and opportunity in Catapult. In early June 2021 Catapult's stock price had outperformed our ASX listed technology peers in the S&P/ASX All Technology Index by 30% over 12 months.

As the Company's confidence in growth increases, it sharpens the focus on accelerating opportunities that Catapult is uniquely positioned to capture. Of interest are specific investment opportunities (organic and inorganic) that expand ACV and TAM as well as technology that deepens Catapult's entrenched position in customers' daily workflows and delivers sustainable EBITDA margin growth. The Company will maintain a disciplined approach in applying the SaaS "Rule of 40" as its core philosophy in investing for growth - as we did in the acquisition of SBG.

In the near term we will be focussing on delivering higher growth, at the expense of lower EBITDA, but with the confidence that strong underlying EBITDA is achievable, and that this will be delivered at scale.

This disciplined approach to investment was evidenced by Catapult's strategic acquisition of SBG Sports Software in June 2021. SBG has transformed its learnings from F1 into leading global solutions for soccer and rugby, generating data visualizations that extract key information from multiple sources, with real-time simulations and predictive analytics and insights that assist coaches in rapidly breaking down factors driving team performance.

The acquisition of SBG enhances our mission at Catapult to deliver the most comprehensive and insightful set of performance metrics for athletes and teams worldwide by accelerating our technology capabilities in the video analysis market. The acquisition advances our development of contextualizing performance data, improving time to market by approximately two years, and complementing our development strategy for Vision.



The Board was delighted and thankful for the strong shareholder support for the equity raising to fund the SBG acquisition and accelerated growth investment. The institutional investor placement and SPP for retail investors were both heavily oversubscribed.

In regard to the successful equity raising, I was delighted by the confidence and financial support of Catapult's two most recently appointed independent non-executive directors, Michelle Guthrie and Tom Bogan, who strongly participated in the raise at \$1.90 per share.

## Outlook

The Board and management are excited about Catapult's growth potential. Catapult remains confident in the short- to medium-term, for continued strong organic ACV growth. The Company is also confident in its long-term strategy of expanding ACV to 10x its current size.

The Board is confident the SBG acquisition will improve our ACV growth trajectory. Catapult has the potential to accelerate SBG's revenue and ACV growth through:

- The immediate and significant improvement in our video solutions,
- The combination of SBG with Catapult's global sales force and large customer base, and
- An increased investment in SBG's product suite and feature sets

Catapult will continue the transition to subscription sales, especially in the Performance and Health vertical. In the shorter term this has a negative impact on revenue, EBITDA and margins from lower capital sales (now recognized over a subscription life) while associated variable opex costs are still recognized upfront.

In the longer term Catapult is targeting the higher gross margin and EBITDA margin associated with subscriptions, which are achievable due to improved customer experience, retention, and pricing.

I am extremely thankful for the continued commitment of the Board, the Executive team and our employees around the world in what has been an incredibly challenging year.

Finally, the Board is enormously grateful to athletes, teams and shareholders for their continued support in the past year. It really was a year like no other. Catapult's continued growth would not be possible without your support and loyalty. Thank you.



## CATAPULT GROUP INTERNATIONAL LTD

2021 Annual General Meeting

Friday, August 20, 2021 at 10:00am

### CEO's Address

Thank you Adir for the earlier introduction and good morning to all of you joining us today. I am disappointed I cannot be in Australia again for this AGM but given the current travel restrictions I am sure you all understand. However, I am excited to share today's update.

FY21 completes my first full fiscal year as Catapult's CEO. Despite the hurdles COVID presented, I am proud of what the Catapult team accomplished this year.

Pre-pandemic, I said we would begin to operate the Company as a true SaaS business, augment our management team, improve our corporate governance and return to high-growth rates.

At the end of my first full fiscal year, I am pleased we met these goals and did it during the most difficult period for world sport since World War II. The fact we delivered such strong results during such a unique year, only enhanced our leadership position and the future potential of Catapult.

### Strong Progress Against All Key SaaS Metrics

As you would have seen in our annual results, we reported strong progress against all our key SaaS metrics. In particular Annualized Contract Value (ACV), Catapult's leading SaaS metric, grew globally at a 35% annualized rate during the second half of FY21 against a full-year growth rate of 16.5%. This growth highlights the Company's global leadership footprint, delivering regional FY21 ACV growth of 57% in EMEA and 34% in APAC. While the Americas region, the largest market for the Company, was severely disrupted by COVID with approximately 90% of NCAA competition cancelled, it delivered an FY21 ACV growth of 4%. The acceleration of growth in regions less impacted by COVID highlights the significant growth potential of the Americas once COVID impacts subside.

This potential was underscored by the growth in the Company's Performance & Health vertical, where Q4 momentum delivered an annualized ACV growth of 55% globally, almost 3x faster in FY21 than in FY20, with all regions growing more than 40% annualized in the quarter, including the Americas. The growth momentum did not impact the Company's world-class retention rates. Catapult's successful focus on customers during the pandemic saw its annual ACV Churn rate of 5.5% improve 14.1% on the FY20 rate of 6.4%. This was particularly evident in H2 where annual ACV Churn to March 31, 2021 was 5.5% compared to 6.8% in the 12 months to September 30, 2020. These sustained world-class SaaS churn rates highlight just how important our solutions are to our customers, despite the challenging financial year for professional sports.

The growth momentum was further highlighted by the Company's ability to upsell and cross-sell to its current customer base. Catapult delivered an H2 annualized growth of 41% in customers with two or more solutions, versus an annual growth of 17%.



Of particular note was the success in cross-selling existing Performance & Health customers into the Company's Vision video solution.

### **Financial Results - Accelerating Growth in Subscription Revenue**

In line with the growth momentum of Catapult's SaaS metrics, subscription revenue growth accelerated to 12.5% in Q4 versus 3.3% for FY21. High-quality subscription revenue comprised 79% of total revenue in FY21, up from 71% a year ago. Notably, subscription revenue in the Performance & Health vertical, the largest vertical by revenue, grew by 15.8%.

EBITDA remained positive at \$6.5 million but declined \$3.9 million with the switch from capital sales to higher-quality SaaS deals and the impact of COVID. Free cash flow remained positive and grew 69% to \$4.9 million.

### **Sales Momentum**

Sales highlights through FY21 included signing the Atlanta Falcons to achieve 100% penetration of teams in the NFL; growing our multi-solution customer base with marquee teams such as the Seattle Seahawks, Stanford University American Football, Stade Français Paris Rugby, Arizona Coyotes and Swindon Town; signing a Performance & Health contract with US Army Special Forces to help with soldier training; and a Video Exchange contract with 130 Football Bowl Subdivision (FBS) teams in the US.

### **Technology Investment Highlights**

Catapult expanded its technology platform through FY21 with COVID solutions, including a Remote Athlete Solution and Athlete Proximity Reporting, both heavily utilized by customers; new solutions for the American Football season including cloud-based full-resolution video analysis; and a seamless indoor/outdoor athlete monitoring function for training sessions.

Catapult also launched the player Movement Profile analytics package for soccer. With continued commitment to R&D, Catapult invested \$6.8 million in R&D in FY21 and expanded its solutions with the acquisition of Science for Sport, SBG, and the signing of several strategic partnerships.

### **Scaling for Growth**

As the Chairman mentioned, preparations to scale Catapult for high growth and sustained technology leadership continued. I was delighted to welcome so many highly capable and experienced executives to Catapult during FY21 including Chris Cooper as COO, Zoe Rumford as CPO, and Parem Hedge as CTO. All of our new executives are experienced with scaling high-growth, global businesses.

As planned, Catapult started migrating its sales to higher-quality multi-year SaaS subscription contracts away from one-time capital sales, despite the expected short-term negative impact on recognized revenue. There were also several efforts to ensure the Company is delivering on its promise of disciplined and value-generating growth, and appropriately reflecting results against its largest market in North America. As such, Catapult introduced a new set of SaaS metrics for growth and efficiency, changed its reporting currency to USD, and moved the financial year end to March.



## SBG Acquisition

Adir mentioned the recent strategic acquisition of SBG Sports Software which we completed in June 2021.

The SBG acquisition:

- significantly expands Catapult's video offering, including feature sets, data capabilities, analytics, and user experiences, thereby accelerating opportunities to cross-sell and scale;
- expands Catapult's total addressable market opportunities in motorsports, soccer and rugby;
- instantly places Catapult in an industry leading position for motorsports as well as adding 20 new marquee clients from the top 100 teams in soccer and rugby globally. SBG's high profile customers in this segment include Manchester City, Manchester United, Tottenham Hotspur, Everton and Paris St Germain; and
- is materially accretive to Catapult's "Rule of 40" constituent metrics, with ACV growth of 28% and EBITDA margins of 28% in FY21.

From our early discussions it was clear that SBG and Catapult shared a common vision for the future of sports technology and the significant impact data will have in helping customers optimize performance. It was even clearer that combining our technologies, product solutions, and talent would have immediate and long-lasting positive impact on our customers. We are confident the acquisition of SBG will significantly contribute to Catapult's growth and continued focus in developing the most sophisticated sports technology platform.

## Uniquely Positioned for Growth

To reinforce the Chairman's outlook, Catapult is uniquely positioned to leverage our leadership position in sports technology.

We have a large customer base, working with 3,254 pro sports teams. Catapult's experience of working with pro sports teams since 2007 means we have the most comprehensive data set as we capture and analyze sports science data from tens of thousands of athletes, providing our customers with unrivalled accuracy and insights. As we continue to develop new algorithms and provide enhancements for our customers we remain strongly positioned to lead the analysis evolution from descriptive, to predictive, and eventually prescriptive data. The Company is confident in its long-term strategy of expanding ACV to 10x its current size.

In terms of FY22 business activity, please remember we are still deep in our key northern hemisphere selling season. As such my trading update today is qualitative but positive. Catapult's sales pipeline has grown and there is a much higher rate of closure on these opportunities, compared with FY21 and our win rates, especially in P&H reflect our strong market leadership position. Conditions and sales activity in the US, particularly in P&H, are much improved on the same time last year.



We are progressing quickly as planned with the SBG integration with a focus on sales training, aligning product roadmaps, and preparing to support our southern hemisphere sales season in H2. Catapult customers have been positive in regard to the potential future video solution roadmap and its integration with wearables. We are pleased with the number of expanded customer opportunities present in our sales pipeline as a result of the SBG acquisition, completed last month.

In addition to reporting our September HY results later this year I am pleased to confirm our shareholder engagement will be enhanced with Catapult's first ever investor day, scheduled for September 29, Australian time and later this year will hold a Prosumer update for investors.

Finally, I'd like to thank the Board for their guidance and support, our staff for their hard work and dedication, our customers for their continued patronage, and you our shareholders for your belief and conviction. I am proud of the results and progress Catapult has made. We are building a business that will enable athletes and coaches to achieve what's never been done before, using technology and insights that have not been available before. We have made great strides towards this goal in FY21 which is evident in our key SaaS metrics, having finished the year with an annualized ACV growth rate of 35% and world-class customer retention, demonstrating the value our SaaS solutions provide to our customers each day. Catapult remained laser focused on customers during the pandemic and the business is benefitting as the pandemic's impact lessens.

So I'll close out with the message that Catapult is a business with solid SaaS fundamentals and is strongly positioned to generate significant long term value.