

CATAPULT DELIVERS RECORD REVENUE HALF OF US\$41.6M (A\$59.6M); ON TRACK TO RETURN TO POSITIVE CASH GENERATION

NOVEMBER 16, 2022

ALL FINANCIALS ARE IN USD UNLESS OTHERWISE INDICATED

Catapult Group International Limited (ASX:CAT, 'Catapult' or the 'Company'), the global performance technology leader in elite sports, is pleased to provide its financial results for the half-year ended September 30, 2022 ('1H FY23').

1H FY23 HIGHLIGHTS

- Record half-year with revenue of US\$41.6M (A\$59.6M)
- Annualised Contracted Value ('ACV') up 21% on a constant currency basis ('CC') to US\$70M; 3rd consecutive half of growth above 20%
- ACV per customer in Pro Segment grew 18% (CC) YoY
- Successful cross-sell during the period with multi-vertical customers up 33% since September 2021
- Record-level retention with ACV churn at 4.0%, staying below 6% since FY20
- Future revenue under contract ('FRUC') was up 28% to US\$109M (A\$167M) with increase in multi-year subscription deals
- A significant reduction in future cash burn following a business resizing in September 2022, poised to improve margins and return to generate positive free cash in FY24
- Despite macro credit market conditions, Catapult received a credit-approved unconditional offer from its existing debt provider for an upsized US\$20M (A\$31M) revolving debt facility

IMPROVED REVENUE QUALITY

Following a successful transition to a full SaaS model, subscription revenues as a percentage of total revenue increased to 89% of total revenues for 1H FY23.

Key SaaS growth KPIs are now established at consistently attractive levels with ACV growing over 20% with ACV Churn below 6% since FY20. In 1H FY23, ACV growth was 21% (CC) and ACV churn was 4%.

The Company's focus on growing ACV resulted in a major improvement in FRUC. FRUC outpaced ACV growth at 28% and crossed US\$109M (A\$167M), with new subscription deals coming at higher multi-year terms. Incremental ACV in the first half was signed at an average of 2.1 years compared to an average of 1.4 years of subscription revenue in this period last FY.

LEADING SAAS KPIS CONTINUE TO EXPAND

Average ACV per Pro customer was up 18% as the Company generated higher ACV per customer across all lifetime duration segments, highlighting upsell and cross-sell success.

Catapult's leadership position in the wearables segment expanded as it grew its Pro P&H ACV by 26% (CC) YoY following high growth from all global regions with the Americas as a highlight growing 32% (CC) YoY.

UNLEASH POTENTIAL

The Company also saw success in growing its Tactic & Coaching ('T&C') segment with an 11% (CC) annualized ACV growth from its video solutions, up from 6.5% at the end of FY22. During the half Catapult saw customer number growth of over 100% into its new video solutions.

Cross-sell progressed well with multi-vertical customers growing 33% when normalizing for run-off products.

The Prosumer segment delivered an ACV growth of 559% following the Catapult One soft launch in late 1H FY22 as a subscription-only offering for prosumer teams and consumers.

STRONG FINANCIAL POSITION AND RETURN TO GENERATING CASH

In September 2022, Catapult announced a reprioritization of its accelerated investment program to concentrate on key product verticals that continue to be its core growth engine.

Reductions to its cost base were made immediately and are expected to deliver US\$12M in annualized savings. Given the improved revenue quality with its shift to SaaS, the operational leverage in its business model, and its cash burn reduction, Catapult is expected to return to positive free cashflow in FY24.

The Company has received a credit-approved unconditional offer from its existing debt provider, Western Alliance Bank, for an upsized US\$20 million (A\$31 million) revolving debt facility. An upsized debt facility will increase the Company's cash reserves ahead of its accelerated return to positive free cashflow. As of September 30, 2022, there was US\$15.6M, or US\$17.3M adjusted for FX movements, of cash at bank including US\$5.7M of drawn finance. Coupled with a new debt facility, accessible cash would have been US\$29.6M.

Such a facility is consistent with Catapult's previously released remarks, that the Company is fully funded through to free cashflow positivity in FY24, and does not anticipate any requirement for additional equity funding. Furthermore, given the changes in credit markets over the past year, the approval for an upsized facility highlights the strong confidence in Catapult's business model.

NEW INTEGRATED VIDEO AND WEARABLES CAPABILITY

Following the successful launch of the MatchTracker solution for soccer and rugby in March 2022, Catapult was delighted to launch GameTracker for the Basketball and Ice Hockey markets in the half. It also introduced new live features to enhance real-time data analysis in wearables that improve insights for coaches.

To support these initiatives, Research & Development spend as a percentage of revenue increased to 20%, up from 17% a year ago.

FINANCIAL SUMMARY – STRONG GROWTH IN SUBSCRIPTION REVENUE

The Company reported an 11% increase in revenue to US\$41.6M (A\$59.6M), as subscription revenue rose 20% (14.5% non-CC) and contributed 89% of total revenue. This high-quality revenue growth reflects the Company's focus on creating long-term value.

Catapult's consistently high gross margins have been in the mid-70s and were temporarily impacted by increases in shipping costs and inventory, which are now improving as the supply chain normalizes. These pressures led to a gross margin outcome of 71%, normalizing for temporary supply chain pressures gross margin would have been 73.2%.

Prior to the business restructure taking effect, contribution margin dropped to 35%. The contraction in contribution margin was consistent with the US\$3.3M accelerated growth

investment in the half (curtailed in September). Normalizing for both COGS pressures and increased investment would have raised contribution margin to 45%.

The year-on-year change in Underlying EBITDA, Free Cashflow, and R&D spend were in line with Catapult's expectations given the Company's accelerated growth investment in sales, product, and operations to further accelerate ACV growth. The Underlying EBITDA loss was US\$7.6M.

OUTLOOK¹

The Company is confident that ACV growth will be strong in the short to medium term and expects ACV growth (based on CC at end FY22) of at least 20% in FY23, with ACV Churn in the range of 4.5% to 6.0%.

Catapult is confident in its ability to generate strong operating cashflow in the short to long term and continues to expect operating cashflow to be positive for FY23.

During FY22, Catapult was affected by increasing supply chain challenges and cost inflation. These issues are expected to continue moderately throughout FY23, impacting freight, COGS, wage costs, and inventory sourcing.

Stronger gross and contribution margins are anticipated in the second half of FY23 as the Company exits its accelerated investment program and the business continues to grow.

Catapult reiterates that it expects to be free cashflow positive in FY24 and that it does not need to raise equity capital.

COMMENTS

Commenting on the results, Catapult's CEO Will Lopes said: "I am pleased how well we continue to build a great subscription business with long term revenue-generating capabilities. I couldn't be more excited of our recent launches and our product innovation pipeline for the coming 12 months. Additional balance sheet strength highlights our strong operational cashflows, underpinned by our high margins and growing SaaS business.

"Access to additional funding further widens our balance sheet buffer as we streamline our focus on the elite sport market and return to positive free cashflow in FY24.

"Catapult has previously elected to fund its seasonal working capital needs with equity. However, our plan to return to positive free cashflow has enabled the business to now fund this seasonality with debt.

"We have been focused on driving leading KPIs in the last two years to ensure we could reach a stage where our financial outputs are predictable. We have reached that stage and we can scale back our accelerated investment.

"I reiterate that we have no need for equity capital to deliver on our planned organic growth and return to free cashflow, and we remain on track to do so. Our dramatic increase in FRUC, lowering of cash burn, and a credit-approved unconditional offer for an upsized debt facility only serves to increase that confidence."

¹ This section contains 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 section.

VIDEO PRESENTATION; INVESTOR AND ANALYST BRIEFING

Catapult advises that it has released a video of Management's presentation of the 1H FY23 results. The video is available for viewing at <https://youtu.be/WGXGN12tyYE>

It is strongly recommended that participants view this video prior to the investor teleconference. The teleconference will be held for investors and analysts at 8.30am (Melbourne time) on Thursday, November 17, 2022. To pre-register for this teleconference please use the following link:

https://catapultsports.zoom.us/webinar/register/WN_Yk52IEJqRpaGm-CMd5X1YQ

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.

Authorized for release to ASX by the Catapult CEO, Mr. Will Lopes.

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ABOUT CATAPULT

Catapult exists to unleash the potential of every athlete and team on earth. Operating at the intersection of sports science and analytics, Catapult products are designed to optimize performance, avoid injury, and quantify return to play. Catapult has more than 500 staff based across 28 locations worldwide, working with more than 3,650 elite teams in more than 100 countries globally. To learn more about Catapult and to inquire about accessing performance analytics for a team or athlete, visit us at catapultsports.com. Follow us at @CatapultSports on social media for daily updates.

IMPORTANT NOTICE

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ACV is calculated using an average exchange rate to US\$ over a 1-month period ending on the effective calculation date. ACV calculated on a "constant currency" or "(CC)" basis is calculated using an average exchange rate to US\$ over a 1-month period ending on March 31, 2022. A reference to ACV growth and ACV (YoY) growth (including on a constant currency basis) for a relevant year is, unless otherwise specified, a reference to, respectively: (i) ACV calculated as at September 30 of that year, or any other specified date; and (ii) the quotient of (x) the ACV calculated as at the relevant date for that year; divided by (y) the ACV calculated as at the date which is 12-months earlier than the date in (x), expressed as a percentage.

While Catapult's results are reported under IFRS, this document also includes non-IFRS information such as the pro forma information referred to above, EBITDA, underlying EBITDA, Gross Margin, Contribution Margin, free cashflow, Annualized Contract Value (ACV), ACV Churn, Lifetime Duration (LTD), and Future Revenue Under Contract (FRUC). 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. Financial information attributed to a segment in the Appendix 4D dated the date of this document may be presented in a different classification, or split between one or more classifications, in this document.

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.

All financials are in US\$ unless otherwise indicated.

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