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ASX Market Release

H1 FY19 Preliminary results Continued strong growth for Catapult's core elite business

Catapult Group International Limited (ASX:CAT, 'Catapult' or the 'Group') is pleased to provide preliminary unaudited financial information for the half year ending 31 December 2018 (H1 FY19).

Building on momentum across the second half of last financial year and a strong first quarter for FY19, Catapult's results show continued growth across the business. Group revenue increased by 32% (26% constant currency (CC) USD) to \$43.0m while growth in operating expenditure was contained to 8% (constant currency 5%).

Core Elite Business

The preliminary unaudited H1 FY19 results highlight continued strong revenue growth, increasing profitability and an increasingly large stream of Annualised Recurring Revenue (ARR) for the core elite business. These outcomes are tabled below, highlighting significant progress towards Catapult's FY19 guidance.

Measure*	H1 FY19	YoY Growth	FY19 Guidance
Elite Core Revenue**	\$40.3m	29% (CC 23%)	Growth 17% to 20%
Underlying Core EBITDA***	\$3.5m	+\$3.4m (% growth n/a)	Between \$11m and \$13m (implies growth of 37% to 63%)
Annualised recurring revenue (ARR)	\$57.4m	25% (CC 22%)	Growth above 20%

*Assumes AUD to USD of 75 cents across all USD denominated transactions and no material impacts arising from the adoption of AASB15

** Excludes Prosumer

*** Excludes Prosumer, investment in analytics software and employee share plan expense

Underpinning the strong revenue and EBITDA growth in the core elite business was:

- Low churn with 3.5% of elite wearables (EW) subscription units not renewed, down from 8.4% a year ago
- EW ARPU increased to \$115.9 per month per unit (\$113.8 CC), up from \$106 a year ago
- New client wins reported over the last six months increase Catapult's total clients to 2,100, and
- Expense control and operating leverage as the business scales.

EW revenue, including PlayerTek+, of \$19.6m grew 38% (34% CC). Elite video revenue of \$20.7m grew 22% (13% CC).

The subscription to capital ratio of EW units (excl. PlayerTek+) was 58:42 on sales of 3,179 units. Including PlayerTek+, which has predominantly capital sales, the ratio was 34:66 on sales of 5,498 units.

Gross margin reduced from 78% to 75% due to changing product revenue mix in the US business.

Prosumer Business

The launch of the PLAYR Smartcoach product for Prosumer soccer players in June 2018 was supported in the first half by content marketing across social media and distribution deals with key online retailers. In addition, we signed new partnerships with leading soccer clubs including NYCFC (New York City) in the USA and Western Sydney Wanderers in Australia's A-League.

The two important retail sales periods in the second calendar half are Black Friday in November, and the pre- and post-Christmas sales in December. For PLAYR, Black Friday weekend sales volumes were encouraging and

demonstrated demand for the product offering. However, December sales did not perform as strongly as forecast.

The net result is that overall unit sales in this new category grew 114% or 2.1x to 11.4k for the half. Revenue more than doubled to \$2.7m, an increase of 111%. While this represents strong growth, it seems unlikely that Catapult will meet its FY19 objective for Prosumer sales volume of 3.5x to 4x growth off an FY18 base of 14k.

Based on this performance Catapult considers it prudent to revise its investment profile for Prosumer to better match the current sales and as such, Catapult expects cash costs to be around \$3m lower than originally planned for FY19. The reductions will be driven by lower marketing expenditure and a reduction in general operating expenditure.

Catapult will provide more information on the consumer business with the half year result announcement next month.

Cash flow

Driven by accelerating growth of the core elite business Catapult remains in a strong financial position. Cash at bank at 31 December 2018 was \$27.1m. The decrease of \$4.6m from 30 June 2018 is accounted for by the repayment of a \$3.5m loan, higher inventory requirements to support growth in Prosumer, the planned increase in sales and product resources, and higher than expected accounts receivable with collections pending.

In the December 2018 quarter Catapult's cash at bank declined \$6.5m as expected. Aside from the loan repayment which happened in the first quarter, all the dynamics mentioned above in addition to the seasonal nature of Catapult's cash receipts in the elite core business contributed to the expected reduction.

CEO Commentary

Commenting on the first half performance Catapult CEO Joe Powell said "the core elite business continues to grow strongly and is on track to deliver Catapult's guidance objectives for 2019.

With Prosumer, while volumes more than doubled in the first half, we are taking the opportunity to reduce our cash expenditure in this new category and will share more detail about these changes next month."

H1 FY19 result announcement

Catapult looks forward to providing a comprehensive update on the performance of the business with its half year result announcement on 21 February 2019.

Details of the CEO and CFO conference call for that day will be provided to the market closer to the day.

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For media and investor enquiries please contact:

Andrew Keys
Investor Relations
Catapult Group International
E: investor.relations@catapultsports.com
M: +61 400 400 380

Forward-looking statements

Any forward-looking statements, opinions and estimates provided in this announcement rely on various contingencies and assumptions. Various factors and risks, both known and unknown, many of which are outside the control of Catapult, may impact upon the performance of Catapult and cause actual performance to vary significantly from expected results. There can be no guarantee that Catapult will achieve its stated objectives or that forward looking statements or forecasts will prove to be accurate.

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