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ASX Announcement

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GrowthOps Announces Half-Year Results and Provides Progress Update on Regional Expansion

Review of Half-Year Results

GrowthOps ("we" or the "Company") [ASX:TGO] today announced its financial results for the six months ended 31 December 2018 ("Financial Period," or "H1 FY19") and provided an update on its regional expansion and other foundation activities.

During the Financial Period, GrowthOps generated statutory revenue of $34.4 million and a statutory loss after tax of $(47.0) million. The statutory loss after tax includes non-cash, share-based payment expense of $19.5 million; the impairment of intangible assets by $22.3 million; and the amortisation of identifiable intangible assets arising from acquisitions of $3.6 million. The Company recorded the impairment charge primarily in relation to the Australian and New Zealand operations of Asia Pacific Digital Limited ("APD"), which GrowthOps acquired in August 2018 and substantively integrated during the Financial Period.

In its first year as a publicly listed company, GrowthOps continues to execute on its foundation strategy, expanding across the Asia Pacific region and launching a unique 'growth services' offering into the marketplace. The Board and management team believe that these foundation activities will set the Company up for growth into the 2020 financial year and over the medium-to-longer term.

The Company's half-year results reflect its heavy investment in establishing the GrowthOps brand in the marketplace, refining its integrated sales strategy and growing overall share in the region. GrowthOps invested in people to further build its client relationship team, and delivery of technology services. Notably, the Company recruited a tactical specialist team to deliver Salesforce's AI-driven Einstein product, and hired a Group Director of Sales for Technology. These investments in talent, along with other key new hires and promotions, were prompted by a combination of booked business, from both existing and new clients, as well as a growing medium-term pipeline.[1]

GrowthOps Chairman, Dominique Fisher, reiterated the importance of the Company's focus on initiatives that will continue to motivate, align and retain high performing and high potential talent: "The Board believes that the best way to grow our business and gain market share is to continue investing in our people and in developing the type of culture where high-performers want to work."

On a pro forma basis, which excluded the impact of share-based payments, impairments and amortisation of intangible assets (See Reconciliation of Statutory EBITDA to Pro forma EBITDA in *Supplemental Information*), GrowthOps generated revenue and EBITDA of $36.3 million and $2.6 million, respectively, for the six months ended 31 December 2018.

[1] See *Outlook and Likely Developments* for Company's current guidance on forecast revenue and EBITDA margin for FY19 financial year.

Company Statutory and Pro Forma[2] Financial Highlights:

Company statutory results ($ millions):	*H1 FY19*	*H1 FY18*
Revenue	34.4	-
Loss after income tax	(47.0)	(1.2)
Company pro forma results ($ millions):	*H1 FY19*	*H1 FY18*
Revenue	36.3	40.1
Media pass through income	14.6	14.6
Media pass through expense	(14.6)	(14.6)
Cost of sales	(3.5)	(6.2)
Staff costs	(26.1)	(23.6)
Occupancy	(0.1)	(0.3)
Other	(4.0)	(5.0)
EBITDA[3]	***2.6***	***5.0***

GrowthOps achieved a number of milestones during the Financial Period including:

- Completing the acquisition of APD in August 2018, which expanded GrowthOps' geographic footprint in the Asia Pacific region across six countries and further enhanced its service offering for clients, particularly with the addition of a strong growth marketing capability;
- Integrating APD into the GrowthOps regional growth service offering and operating model, thereby removing $6.5 million in annualised costs;
- Completing the acquisition of the Xperior tenant portal software business in December 2018 to enrich GrowthOps' go-to-market in the construction and property segment;
- Launching the new GrowthOps brand and 'growth services' offering in the marketplace;
- Making significant investments in key business development and delivery personnel to support the new 'growth services' offering;
- Reducing the Company's pro forma annual interest expense by $1.0 million through the refinancing of assumed APD debt with a new two-year, $14.0 million senior secured debt facility with Westpac Banking Corporation; and
- Generating pro forma revenue of $36.3 million and pro forma EBITDA of $2.6 million.

Progress Update on Regional Expansion and Foundation Activities

Asian expansion and growth plan: GrowthOps has bolstered its regional leadership to deliver 'growth services' including services that capitalise on those cloud ecosystems which are growing rapidly across the Asia Pacific region. This effort will be driven out of the newly established GrowthOps campus hub in Kuala Lumpur, Malaysia. APD talent, partnerships and strategic clients are serving to underpin this expansion.

GrowthOps acquired APD through an off-market takeover offer, which was approved on 2 August 2018, when APD shareholders representing greater than 90% of total shares outstanding accepted the offer and the acquisition became free of any conditions. The acquisition of APD

[2] The use of the term "pro forma" relates to the period from 1 July 2018 to 31 December 2018, and its prior comparable period ("pcp") of 1 July 2017 to 31 December 2017. All acquisitions have been included in the pro forma financial reports as if owned for those full periods. The GrowthOps Board of Directors believes that the presentation of pro forma results provides a useful measure of the underlying performance of the Group to users of this financial report. Note that the pro forma financial results are non-IFRS financial information, and as such have not been reviewed in accordance with Australian Accounting Standards.

[3] Pro forma EBITDA represents earnings before interest, tax, depreciation and amortisation; includes the acquired businesses as if they were owned for the full financial period; and is adjusted for non-cash, share-based payments as well as one-off transaction and restructuring costs related to acquisitions. **Please see *Supplemental Information* for a reconciliation of Statutory EBITDA to Pro Forma EBITDA.**

greatly enhanced the Company's position as an independent regional provider of integrated consulting, creative and technology services, with the scale and local market experience required to help multi-national corporate and government clients achieve meaningful growth and impactful public sector outcomes. During the Financial Period, GrowthOps management restructured the APD operations and substantively integrated its service offering with the other technology-driven growth services that GrowthOps provides to its clients, in the process incurring a restructuring expense of $1.3 million and removing $6.5 million in annualised costs. With the realignment of the APD operations into the Group, GrowthOps has tested for and concurrently recognised an impairment charge of $22.3 million.

Diversifying revenue streams beyond time-and-materials based services: On 24 December 2018, GrowthOps acquired the tenant portal property software business of Xperior from Xperior Group Pty Ltd. Xperior delivers a market-leading software product in the high-growth area of 'smart buildings' to commercial property groups and buildings throughout Australia and New Zealand. Xperior provides GrowthOps with a compelling entry into a new growth sector that, in combination with the Company's other growth services, is expected to add significant value to clients in the commercial property industry across the Asia Pacific region. The Board and management team believe that the acquisition aligns well with the Company's strategic objective of diversifying its revenue streams beyond time-and-materials based services into market-proven products.

Capital Structure

In November 2018, the Company entered into a 2-year senior secured debt facility of $14.0 million with Westpac, allowing it to refinance APD's existing debt facilities and achieve annualised interest savings of approximately $1.0 million.

GrowthOps completed its Initial Public Offering ("IPO") on the Australian Securities Exchange in March 2018, and raised $70 million, before listing costs, to fund the cash portion of the acquisitions that initially comprised the GrowthOps Group as at that date. The total purchase consideration for the acquired companies was $95.6 million. Vendors received 50% of that purchase consideration, or $47.8 million, in cash at completion, and the other 50% in the form of 47.8 million of convertible redeemable preference shares ("CRPS"). The CRPS convert into ordinary shares over three years, subject to continued employment of the vendors, on the following schedule: 50% on the first anniversary of the IPO; 25% on the second anniversary of the IPO; and the final 25% on the third anniversary of the IPO.

The conversion ratio of these CRPS was finalised during the Financial Period per the terms of the share purchase agreements executed with vendors, resulting in an average conversion ratio of 1.09 ordinary shares for each 1 CRPS. The first tranche of the CRPS will convert into ordinary shares on 16 March 2019, and will result in the issuance of 25,975,341 new GrowthOps ordinary shares.

Leadership Structure

As GrowthOps approaches its first anniversary as a publicly listed company and enters the next phase of its growth plan, CEO, Paul Mansfield, will succeed founder, Phillip Kingston, as the Company's Managing Director. Mr Kingston, who has served as the Company's Managing Director since its IPO last year, will remain on the GrowthOps Board as an Executive Director and continue to act as an adviser in that capacity. Mr Mansfield will continue to drive the Company's strategy and day-to-day operations. The change will be effective as of 18 March 2019.

Outlook and Likely Developments

After spending much of the Financial Period integrating recent acquisitions, the APD business and launching a new brand into the marketplace, as well as transitioning to a public company, GrowthOps management believes that the Company is now well positioned to deliver a highly differentiated 'growth services' offering to its clients through the remainder of the 2019 financial year and beyond.

GrowthOps CEO, Paul Mansfield, said: "FY19 has really been a foundation year for GrowthOps. The launch of our 'growth services' offering, combined with our expanded Asia Pacific footprint following the APD acquisition, has generated a high level of interest among both existing and new clients. To support expected revenues over the medium term and ensure we continue to generate the best possible client outcomes, we have invested, and will continue to invest, in increasing staff capacity across our delivery, client relationship and project management functions."

As a result, GrowthOps is revising its prior outlook for the full-year 2019 financial period as follows:

FY19 outlook	*Prior*	*As-revised*
Pro forma revenue	$80-85 million	$82-87 million
Normalised EBITDA margin	18-20%	14-16%

The increase in expected pro forma revenue reflects a higher anticipated spend this financial year from certain existing clients in addition to several new client wins, both in the public and private sectors. The reduction in pro forma EBITDA margin is primarily driven by an increase in staff costs as the Company invests in key personnel needed for delivery of new contracts and upcoming projects as well as building its regional enterprise sales function around the newly launched 'growth services' offering during the FY19 financial year.

Supplemental Information

Reconciliation of Statutory EBITDA to Pro forma EBITDA:

($ millions)	*H1 FY19*
Loss before income tax	(48.0)
Net finance costs	0.6
Impairment of intangible assets	22.3
Depreciation and amortisation	5.1
Statutory EBITDA	*(20.0)*
Share-based payments	19.5
Restructuring costs	1.3
Abnormal (i.e. one-off) items	1.9
APD pre-acquisition EBITDA	(0.2)
Xperior contribution	0.1
Pro forma EBITDA	*2.6*

Notes on pro forma adjustments:

1. *Early adoption of AASB 16 – Leases*: Pro forma EBITDA of $2.6m incorporates the impact from the early adoption of AASB 16 – Leases. In particular, rental expense of $1.2 million is no longer part of Occupancy cost. Adoption of AASB 16 resulted in recognition of right of use assets of $9.9 million (before depreciation charge for the period), recognition of lease liabilities of $8.9 million, recognition of depreciation expense $1.2 million (instead of rental expense) and interest expense of $0.2 million and reversal of liabilities in relation to lease incentives of $0.5m.
2. *Impairment of intangible assets*: As a result of the realignment of the APD operations into the Group, GrowthOps has tested for and concurrently recognised an impairment charge of $22.3 million.
3. *Share-based payments*: Adjustment for the CRPS, which has been expensed as non-cash, share-based compensation.
4. *Restructuring costs:* Adjustment for one-time costs related primarily to the acquisition of APD.
5. *Abnormal (i.e. one-off) items*: Material one-off items of revenue and expense, which are not reflective of GrowthOps' underlying result and will not recur in the future, have been removed.
6. *APD pre-acquisition EBITDA*: EBITDA of APD for the period from 1 July 2018 to completion of the acquisition on 2 August 2018.
7. *Xperior contribution*: Xperior EBITDA for the period from 1 July 2018 to completion of the acquisition on 24 December 2018.

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About GrowthOps
Trimantium GrowthOps Ltd (ASX: TGO) is a new kind of service provider – a growth services partner. We've created a new category that fuses together marketing, technology and people disciplines to help large organisations acquire and retain new customers, build and launch transformational products, and scale operations.

Operating across Australia and Asia, our services include: analysis of market opportunities and threats; leadership development; change management; cloud services; software development; systems integration; positioning and brand strategy; performance marketing and marketing communications.

We solve complex problems with one simple goal in mind: to help our clients grow.

Use of non-IFRS measures
GrowthOps uses certain measures to manage and report on its business that are neither recognised under AAS, nor under IFRS. These measures are collectively referred to as non-IFRS financial measures. These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although GrowthOps believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Announcement.

Forward looking statements
This announcement contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. These forward-looking statements speak only as of the date of this announcement, and GrowthOps does not undertake to publicly update or revise any forward-looking statement.

Any forward-looking statements are subject to various risks that could cause GrowthOps' actual results to differ materially from the results expressed or anticipated in these statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of GrowthOps, GrowthOps' directors and management. GrowthOps cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

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