

# ASX Announcement

30 August 2019

## GROWTHOPS ANNOUNCES FINANCIAL RESULTS FOR FULL YEAR 2019

Trimantium GrowthOps Limited ('GrowthOps' or the 'Company') [ASX:TGO] today announced its preliminary (unaudited) financial results for the twelve months ended 30 June 2019 ('Financial Period' or 'FY2019').

### Pro forma<sup>1</sup> financial results

GrowthOps achieved pro forma revenue of \$71.4 million for the Financial Period, slightly below the revised guidance provided to the market on 1 May 2019 of \$73 - 75 million. The pro forma EBITDA<sup>2</sup> result of \$8.6 million for the Financial Period represents an EBITDA margin of 12.0%, at the top of the guidance range of 10 - 12%.

GrowthOps' revenue comprises a significant proportion of fixed multi-period retainers and historically recurring engagements, as well as time-and-materials projects. Results for the Financial Period were impacted by challenging external conditions, including subdued business spending and deferred client purchasing decisions observed during the period leading up to the Australian federal election in May 2019. This impacted revenue in creative, technology, and coaching and leadership services in Australia, partially offset by stronger than anticipated growth in technology services in Asia. In addition, during the Financial Period, management re-evaluated and did not renew certain unprofitable client contracts acquired as part of the Asia Pacific Digital Limited ('APD') acquisition.

The Pro Forma EBITDA result reflects management's initiatives to control costs in response to market conditions, while making targeted investments in people and capabilities to drive the future growth of the Company.

### Key developments

During the Financial Period, GrowthOps' management restructured and integrated the eight businesses acquired at IPO and the operations of APD acquired in August 2018 (together the 'Foundation Companies'). Key achievements during the Financial Period include:

- Restructured the operations of the Foundation Companies into the following practices, focusing on client needs: Creative, Technology and Coaching and Leadership;
- Launched the new GrowthOps brand into the market while retaining and leveraging the specific equity of key brands: AJF GrowthOps (creative) and IECL by GrowthOps (organisational coach accreditation);
- Transitioned Foundation Companies to one integrated Customer Relationship Management (CRM) system and integrated finance and payroll systems under one common platform;

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<sup>1</sup> The use of the term "pro forma" relates to the period from 1 July 2018 to 30 June 2019, and its prior comparable period ("pcp") of 1 July 2017 to 30 June 2018. 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 Company to users of this financial report. Note that the pro forma financial results are non-IFRS financial information, and as such have not been audited.

<sup>2</sup> 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 and subsequent integration. Includes the impact from the early adoption of AASB 16 - Leases.

- Developed the integrated GrowthOps service offering by adding performance marketing capabilities through the acquisition of APD to help clients optimise their marketing spend, and acquiring a market-leading, internationally recognised Salesforce Einstein team to empower clients with AI-driven insights at the front line;
- Transitioned the majority of office locations to 'campuses' driving collaboration and facilitating integrated, cross-skilled, client-facing teams;
- Expanded its geographic footprint in the growing Asia Pacific region through the acquisition of APD; and
- Reduced GrowthOps' 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.

Integrating the Foundation Companies into the GrowthOps operating model achieved \$9.5 million in annualised cost savings in the Financial Period, while incurring a restructuring cost of \$2.0 million.

## Statutory result

GrowthOps generated statutory revenue of \$69.0 million and a statutory net loss after tax of \$65.0 million for the Financial Period. For the year ended 30 June 2018, GrowthOps comprised of the holding entity from 14 August 2017 until 16 March 2018, when the Company listed on the Australian Securities Exchange (IPO).

The FY2019 statutory net loss after tax includes non-cash adjustments totaling \$60.9 million:

- The accounting impact of non-cash, share-based payment expense of \$30.5 million;
- The amortisation of identifiable intangible assets arising from acquisitions of \$7.5 million; and
- Impairment of tangible and intangible assets of \$22.9 million.

The share-based payment expense is primarily the result of consideration shares issued to the partners in the companies acquired in the IPO. The Company recorded an impairment charge primarily in relation to the Australia and New Zealand operations of the APD acquisition.

GrowthOps Chairman, Dominique Fisher, said: "In a year of challenging external conditions, which have impacted our clients' industries and our own, GrowthOps has achieved ambitious milestones to integrate the entities brought together in the IPO and launched GrowthOps as a challenger to traditional creative agencies and consulting firms.

"The GrowthOps service offering – to help organisations grow more effectively through the integration of creative, technology and their people and culture – is underpinned by the entrepreneurial DNA and talent of our people. Our investments in new capabilities and our people position the Company for success."

— ENDS —

## About GrowthOps

Trimantium GrowthOps Limited (ASX:TGO) is a new kind of service provider – a growth services partner. We are a collective that helps organisations grow more effectively through the integration of creative, technology, and people and culture.

Operating across Australia and Asia, we give advice, ideate, design, build, train, innovate and deliver outcomes that help organisations grow and work better, together. The services we offer include: creative, technology, coaching and leadership, and where these markets overlap.

Visit: [www.growthops.com.au](http://www.growthops.com.au)

## 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 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 document.

## 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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