

ASX Announcement

GrowthOps (ASX:TGO)

30 November 2020

ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

Good afternoon and welcome to our 2020 Annual General Meeting. I am Scott Tanner, Chairman of the board.

Firstly, I'd like to acknowledge the traditional owners of the lands on which we meet, which is quite a dispersed group given the virtual nature of this meeting, and pay my respects to their elders past, present and emerging.

It is 12 months since the board and leadership team were refreshed. Despite the enormous challenges generated by the global pandemic, across the planet, I'm pleased to report that the underlying performance of the business continues to improve.

Our talented and entrepreneurial people have gone from strength to strength, demonstrating extraordinary resilience and innovation, while continuing to deliver exceptional outcomes for our clients.

Strategic Review

Upon appointment, just prior to last year's AGM, the new board and CEO began a substantial Strategic Review of the entire company to transform the business and better position it for growth.

We:

- Restructured and removed functions and locations with low utilisation levels or those deemed unprofitable;
- Renegotiated or terminated projects deemed to be un-economic, and introduced new pricing models, as well as reviewed resource allocation and investment disciplines to improve profitability;
- Removed or re-allocated non-critical central overhead;
- Restructured and redeployed resources, especially overhead and non-billable resources, to better serve clients and to support colleagues serving clients;
- Redeployed key resources to growth areas, services and products; and
- Terminated the Company's share buyback program.

Overall, the implementation of the recommendations from the Strategic Review has:

- Enabled a greater focus on client outcomes and experience;
- Improved accountability for results; and
- Delivered substantial efficiencies and cost savings.

Banking Facility

In parallel with the Review, we secured an extension to the Company's banking facility with Westpac until 1 July 2021.

And in April this year, the financing facility was updated with revised financial performance covenants providing increased assurance to the Company. The Company continues to be in compliance with its quarterly covenants.

COVID-19

While the combination of these actions successfully laid a foundation for growth, they also made the business leaner and more resilient to shocks, which assisted in mitigating some of the other issues that impacted the business this year, namely:

- The effects from the drought and bushfires in Australia;
- Social unrest in Hong Kong;
- The unavoidable departure of two of our large clients from the Australian market; and
- The impact of the COVID-19 pandemic across our business portfolio.

There's no doubt the pandemic has had a profound impact across the planet with devastating health, social and economic consequences.

When the global pandemic was first identified, the company swiftly established board and management committees to focus on:

- The safety and wellbeing of our teams;
- Effective collaboration while working remotely; and
- Reliable delivery of solutions for our clients.

To reduce the spread and impact of the virus, GrowthOps quickly established three simple but critically important governing principles to guide our response to the pandemic.

These were to:

1. Foster the health, safety and wellbeing of our people, their families and our communities;
2. Ensure business continuity and provide value for our clients; and
3. Preserve our company, including as many jobs as possible, for the future.

The ingenuity and resilience demonstrated by our employees has been impressive, particularly their commitment to continue to deliver exceptional client outcomes, and provide unwavering support for their colleagues and for the future success of the Company.

As the world changed, so did we. A number of clients delayed or reduced the scope of projects, so we adapted our products and services for the new environment to remain relevant and to provide additional value. Some examples include:

- Helping Malaysia's national car brand, Proton, pivot from an in-person new model launch to a hugely successful digital launch;
- Creating the Queensland Government's COVID-19 public health communications campaign; and
- Transitioning our coaching and leadership business from face-to-face learning to an entirely digital enterprise,

GrowthOps has successfully supported our clients as they navigated the pandemic.

Indeed, by staying close to our clients we have found better ways to support them in the future.

The ability to mobilise an agile team to respond to a dynamic and unpredictable challenge truly sets GrowthOps apart from its competitors.

As the first lockdowns came into effect in Australia in late March 2020, GrowthOps launched *Australia@Home* – the country's only daily research panel measuring what Australians were thinking and feeling during the first wave of the pandemic, and the impact it was having on attitudes and behaviours.

The report was regularly published in the Australian Financial Review, and used by leaders in government and business, helping to inform their approach to audiences and markets, including the tone of their ongoing messaging and campaigns.

Building on the platform for growth established through the Strategic Review, the company has also improved cost and cash flow management activities. Throughout the pandemic we enhanced our cash position by:

- Agreeing temporary voluntary employee salary reductions at all levels within the business, without compromising client deliverables. This scheme has now concluded;
- Exiting two end-of-lease premises in Sydney and renegotiating the Melbourne head office lease, reducing occupancy costs for the longer term and releasing cash from associated lease guarantees;
- Proactively implementing remote working policies and practices and supporting staff in adapting to the new normal;
- Reducing travel as well as office, administrative and technology expenses;
- Improving job costing and management of contractor costs and utilisation rates; and
- Where eligible, participating in COVID-19 government subsidies and concessions across Australia and the Asia region.

GrowthOps qualified for the Australian Government's JobKeeper subsidy and received its first payment in May 2020.

In addition to mandatory pass-through of the subsidy to eligible employees, discretionary payments were also made in May, June and July 2020 to those employees who had taken a voluntary salary reduction, returning most of those employees to full pay in these months.

The Company is now eligible for, and participating in, the “JobKeeper Extension 1” subsidy, covering the period of 28 September 2020 to 3 January 2021.

Additionally, COVID-19 stimulus subsidies were received by the company’s Singapore and Hong Kong operations.

Whilst the actions we have taken provide a strong platform for growth, we are anticipating reduced levels of revenue throughout the first half of financial year 2021, given the ongoing impact of COVID-19 restrictions and prevailing lower levels of business and consumer confidence.

We have been able to plan for this new normal environment to an extent. However, it is important to note that it is not possible at this stage to quantify the depth or duration of the impact of the pandemic on the global economy or on our business with absolute certainty.

We will continue to implement cash preservation and cost management initiatives, including streamlining the company’s central overhead, and participate in COVID-19 subsidies and related concessions, wherever possible.

We are also undertaking a review of the capital structure of the business and assessing other viable sources of funding. The proposed delisting from the ASX is a step towards improving both our cost structure and access to additional sources of capital.

Client Outcomes

The board believes the company has undoubtedly emerged from last financial year as a stronger, more agile business, more closely aligned with our clients’ needs, and better able to deliver on our mission to reinvent how our clients grow.

In addition to the delivery of impressive client outcomes that met the changing needs of our clients, driven by the pandemic, there are countless other examples of outstanding client outcomes from the last 12 months, including:

- Assisting Officeworks achieve double digit increases in sales;
- Helping Dare hold the #1 Iced Coffee spot and grow their market share;
- Launching campaigns for Remedy Kombucha, Cobs Popcorn, Bendigo Bank, and Spotlight;
- Increasing sales conversions by more than 30 per cent for Nine West;
- Accomplishing 200% of our KPIs as we pivoted and launched the 2020 Proton X70;

- Developing a new digital experience for TGV Cinemas delivering a 10% improvement in sales for the client; and
- Achieving world-class net promoter scores of 80.83% for coaching services, 79.7% for virtual coach training courses, and 91% for our new Focus Coaching program.

FY 2021

To further strengthen our offering for our clients and better reflect their needs, we have recently combined our technology and digital practices. We have also given greater prominence to some of the original brands that came together to form GrowthOps, such as AJF Partnership, Khemistry and IECL.

We were delighted to welcome Andrew Baxter as a Non-Executive Director on our board in July.

Andrew is a highly regarded company director, business advisor and marketing thought leader with more than 25 years' experience in the marketing and communications industry, including with large multi-agency businesses, as well as in growth businesses and turnarounds.

His deep domain knowledge across creative, production and digital marketing services, his track record in leading and growing businesses through organic and inorganic means, and the regard in which he is held by his former clients, peers and teams has added impetus to re-energising the Company's strategy, market positioning and sales.

As we began the new financial year our focus has further simplified to three key objectives:

1. Delivering exceptional customer outcomes and experiences for our clients;
2. Providing extraordinary opportunities and reward for our people; and
3. Continuing the turn-around in the Company's financial performance to deliver long term value for shareholders.

Our Chief Executive, Clint Cooper will share more on this focus shortly.

Delisting

The board is encouraged by our shareholders' overwhelming support for the Special Resolution to remove GrowthOps from the official list of the ASX.

The current and historical share price performance is not reflective of the underlying value of the Company. The current spread and concentration of shareholdings results in little of the stock being traded and this illiquidity is artificially depressing the share price.

In short, we are incurring all of the costs associated with being a listed company with none of the desired benefits.

We believe that by removing GrowthOps from the official list of the ASX, the Company will further improve its underlying performance and financial stability, enhance its access to capital and returns to shareholders, and be better able to drive business growth.

Thank You

On behalf of the board of directors, I would like to conclude by thanking our shareholders, clients and people.

We are grateful to our shareholders for their ongoing support. We look forward to keeping you informed of our progress.

We are grateful to our clients for trusting us to help them navigate this challenging time and for their continued loyalty.

And finally, we are grateful to our people for their talent, innovation, flexibility, and resilience, and the commitment they have shown to GrowthOps, our clients and each other.

In closing

We look to the year ahead with excitement and confidence in our underlying business and culture, ready to take on new challenges and opportunities.

Thank you

30 November 2020

Approved for release by the board of directors

Craig McMenamin
CFO and Company Secretary
Email: craig.mcmenamin@growthops.com.au

— ENDS —

About GrowthOps

GrowthOps (ASX:TGO) is a network of creative thinkers, who create ideas and build solutions for organisations aspiring to lead tomorrow's markets. We help organisations unlock more potential from their brand, customer touch points and people.

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.

Use of Non IFRS Measures

GrowthOps uses certain measures to 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 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 financial 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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