

## **ASX Announcement**

**22 April 2020**

### **GrowthOps (ASX:TGO)**

#### **Appendix 4C quarterly cash flow statement (quarter ended 31 March 2020) and business update**

Trimantium GrowthOps Limited ('GrowthOps' or the 'Company') [ASX:TGO] today releases its Appendix 4C quarterly cash flow report and quarterly activity report for the quarter ended 31 March 2020 ('Q3' or the 'Financial Period'). The Q3 Appendix 4C statement highlights the benefit of cost reductions realised from restructuring in the previous quarter to 31 December 2019.

##### **Appendix 4C**

Net cash used in operations was \$1.851m, with reductions in staff, contractor, administrative and corporate costs, when compared with the prior quarter. Receipts from customers of \$21.008m is a reduction on the prior quarter, largely due to seasonal impact, timing of receipts in Q2 and the effect of COVID-19 in our Asia businesses throughout Q3. Cash payments to employees of \$11.461m includes the benefit of approximately \$1.4m reduction in run-rate labour costs as a result of restructuring in Q2.

Amongst other cost reduction measures, the Company has reduced travel and administration costs and is assessing its eligibility for rent concessions being made available in the jurisdictions in which it operates to provide relief for commercial tenants.

The Westpac banking facility of \$14.0m remains unchanged and is restricted to its balance of \$12.806m.

Estimated cash outflows for the fourth quarter to 30 June 2020 total \$20.2m compared with \$23.7m (excluding the \$0.890m net tax refund) for the recent quarter to 31 March 2020.

##### **Westpac bank covenants**

As announced in the Company's 2020 half year financial results in February, GrowthOps secured an extension of its banking facility with Westpac to 1 July 2021, along with a revised covenant agreement regime. In light of the uncertain economic conditions and expected impact on GrowthOps' short-term revenue forecasts, the Company has reviewed these arrangements with Westpac and is pleased to confirm the ongoing support of our bankers.

##### **Quarterly activity report**

During Q3, management continued to implement plans to create short and long-term value for GrowthOps' clients, employees, shareholders and other stakeholders. However,

COVID-19 began to have an impact across the Company during Q3, which required swift implementation of measures to adapt the Company to the changing environment and ensure continuity in client services and the wellbeing of its employees, while pivoting parts of the business to meet new areas of demand. Aside from these matters, there were no other material changes in the activities of the business in Q3.

Item 6 in the Appendix 4C, "*Payments to related parties of the entity and their associates*" reports on the rent paid (equivalent to A\$3,385) by the Company for its Hong Kong office to the Hong Kong Trust Company Limited, an entity associated with former Non-Executive Director Phillip Kingston. Mr Kingston resigned from the GrowthOps board on 5 February 2020

### **Business update**

In accordance with its continuous disclosure obligations, the Company provides the following update to the market summarising the impact of the current economic climate and impact of COVID-19.

Business revenues have been impacted as a result of delays in projects and the Company's coaching and leadership business, IECL, has been affected by the cancellation and/or deferral of coaching and leadership programs.

Conversely, there has been a level of demand for COVID-19 related projects and the delivery of digital solutions to enable clients to continue to launch and grow. Furthermore, IECL has also pivoted its entire service offering, including all leadership development and coaching accreditation programs, to a virtual model.

In the current environment, revenues are more difficult to predict and the Company has proactively made significant reductions to its cost base, including:

- Temporary reductions at all levels in the business, in employee remuneration and in working hours, where reduced hours are possible without compromising client deliverables;
- Stringent reviews of all contractor costs and utilisation;
- Reductions in travel, office and administrative expenses; and
- Where eligible, participation in government assistance and stimulus initiatives across Australia and the Asia region, which will help to preserve cash flows.

The health, safety and wellbeing of our team, in addition to the continued delivery of high-quality services for our clients, have been paramount as GrowthOps has proactively contributed to the reduction in the spread and impact of COVID-19. Amongst other initiatives, the Company commenced working from home arrangements from mid-March 2020.

### **Outlook**

The Company expects the impact of COVID-19 will lead to a net reduction in GrowthOps' revenue in the fourth quarter ending 30 June 2020, which will be partially offset by the temporary reductions in employee costs from April 2020 and initiatives to reduce other expenses. Further impairment of intangibles may be required for the full year to 30 June 2020.

GrowthOps' primary focus continues to be the delivery of integrated growth solutions across technology, creative, digital marketing, and coaching and leadership for our existing and new clients, while preserving cash flows and driving robust cost containment. The Company will participate wherever eligible, in government stimulus packages. We are also maintaining a high level of scrutiny of utilisation of our teams across the business.

While steering the Company through the current economic environment, management and the board continue to foster opportunities to pivot the business and emerge from the pandemic as a stronger, more agile business, technologically ahead of the curve and with an unchanged mission to reinvent how our clients grow.

We wish to thank our hardworking GrowthOps team across the region for their commitment, collaboration and innovative spirit during this period of immense change.

22 April 2020

On behalf of the Board of directors

Craig McMenamin  
CFO and Company Secretary  
Email: [craig.mcmenamin@growthops.com.au](mailto:craig.mcmenamin@growthops.com.au)

— ENDS —

### **About GrowthOps**

GrowthOps (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.

### **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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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

TRIMANTIUM GROWTHOPS LTD

**ABN**

80 621 067 678

**Quarter ended ("current quarter")**

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	21,008	71,616
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(6,259)	(17,054)
(c) advertising and marketing	(36)	(279)
(d) leased assets	-	-
(e) staff costs	(11,461)	(39,688)
(f) administration and corporate costs	(5,858)	(20,048)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	33
1.5 Interest and other costs of finance paid	(140)	(405)
1.6 Income taxes (paid)/refunded - net	890	514
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,851)</b>	<b>(5,310)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(16)	(206)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	(41)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	64	151
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>48</b>	<b>(97)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	264
3.6	Repayment of borrowings	-	(138)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>126</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,609	8,081
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,851)	(5,310)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	48	(97)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	126
4.5	Effect of movement in exchange rates on cash held	92	97
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,898</b>	<b>2,898</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,898	4,609
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,898</b>	<b>4,609</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(3)
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	14,000	12,806
7.2 Credit standby arrangements	-	-
7.3 Lease Guarantees	750	649
7.4 <b>Total financing facilities</b>	14,750	13,455

**7.5 Unused financing facilities available at quarter end**

101\*

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

On 15 November 2018, Trimantium GrowthOps Limited entered into a two-year, \$14 million senior secured debt facility with Westpac Banking Corporation. The variable interest rate is 2.8% p.a. on average for the quarter plus a 1.0% line fee on the loan facility. The lease guarantee facility has a revolving limit of \$750,000. The service fee was 1.25% per half year.

\* The Loan facility is restricted to the current balance.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,851)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,898
8.3 Unused finance facilities available at quarter end (Item 7.5)	101
8.4 Total available funding (Item 8.2 + Item 8.3)	2,999
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	1.62

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The business expects some reduction to forecast revenues in Q4 to June 2020 as a result of COVID-19 and accordingly expect cash inflows for Q4 to be in line with those of Q3 to March 2020. This impact is expected to be offset by reduced cash outflows from normal operations in Q4 as cost cutting initiatives come into effect from April 2020. In addition, the business has registered for participation in COVID-19 related government stimulus packages which are expected to further preserve cash flows over the following two quarters to June 2020 and September 2020 respectively.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?



Answer: Management and the Board are undertaking both operational and strategic reviews intended to pivot the business and emerge from the current pandemic economic environment as a stronger, more agile business. At this stage, however, the Company has no further information regarding any potential future fundraising opportunities.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The company continues to build its sales pipeline and focus on growth opportunities in all its practices. The COVID-19 pandemic, whilst a disruption to normal business in the near term, has presented other opportunities to pivot and transform the Company's traditional services and streamline operating costs across all its practices.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **22<sup>nd</sup> April 2020**.....

Authorised by: The Board of Directors.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.