

## **ASX Announcement**

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

#### **Appendix 4C quarterly cash flow statement (quarter ended 30 June 2020) and business update**

Trimantium GrowthOps Limited ('GrowthOps' or the 'Company') [ASX:TGO] today releases its Appendix 4C quarterly cash flow report for the quarter ended 30 June 2020 ('Q4' or the 'Financial Period').

Net cash inflow generated from operations was \$3.03m, compared with a cash outflow of \$1.85m in the prior quarter.

Management continues to implement actions to improve revenues in the current COVID-19 climate, and has made further cost reductions across the business.

The Q4 Appendix 4C statement reflects positive operating cash flow of \$3.03m for the quarter, including COVID-19 government subsidies and related concessions in its Australia and Asia operations. The underlying net cash outflow from operations of \$641k for the quarter is a significant improvement on the prior quarter.

During the Financial Period, the Company has increased its focus on strengthening client relationships, and securing key projects and retainer-based work while continuing with effective cost management programs to mitigate the impact of revenue decline due to COVID-19.

Receipts from customers of \$20.6m is a reduction of \$439k on the prior quarter, reflecting the impact of reduced revenue due to COVID-19 throughout Q4 and compounded by other factors such as the exit from the Australian market of GM Holden.

Cash payments to employees of \$9.75m, which include a portion of the JobKeeper subsidy paid through to employees, is down \$1.75m on the previous quarter due to temporary voluntary salary reductions from GrowthOps employees and COVID-19 support measures implemented by the Australian Government and authorities in other jurisdictions in which the Company operates.

In other significant cost reduction initiatives, the Company has exited two of its end-of-lease premises in Sydney and renegotiated the lease of its Melbourne head office, reducing occupancy costs for the longer term and releasing cash of \$315k from associated lease guarantees during the quarter. The Company has also applied for COVID-19 rent concessions available in the multiple geographical jurisdictions in which it operates.

Proactive remote working policies have been implemented, reducing associated travel expenditure and further savings continue to be extracted from the Company's technology spend and other administrative expenses.

GrowthOps qualified for the Australian Government's JobKeeper subsidy and received its first payment in May 2020. The Company is assessing its eligibility for the recently announced 'Job Keeper 2.0'. Additionally, COVID-19 stimulus subsidies were also received by the Company's Singapore and Hong Kong operations.

## Financing facilities

As announced in the Company's half year financial results in February 2020, GrowthOps secured an extension of its banking facility with Westpac Banking Corporation to 1 July 2021. In April 2020, the financing facility was updated with revised financial performance covenants providing increased assurance through the ongoing support of our bankers.

The facility limit is \$12.835m with the amount drawn on the facility at the end of Q4 of \$12.718m.

Based on unaudited results, at 30 June 2020, the Company is in compliance with its quarterly covenants under the revised facility.

## 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 continue to be impacted by delays in projects and reduced client spend directly attributable to the impact of COVID-19.

In addition to implementing cost saving measures that have improved cash flow, GrowthOps has re-invigorated sales efforts by providing services and products that are more relevant to our clients as they strive for growth in an uncertain economic environment. In particular, our Coaching and Leadership practice has seen a significant take-up of its new, online virtual coaching and training offerings and largely replaced the revenue lost through cancellation of in-person sessions. The online offering has also attracted clients from overseas markets in Europe, the Middle East and Japan.

As revenues are more difficult to predict in this environment, the Company has maintained strict cost controls, including:

- Temporary voluntary employee salary reductions at all levels within the business without compromising client deliverables;
- Improved job costing and management of contractor costs and utilisation rates;
- Reductions in travel, technology, office and administrative expenses; and
- Where eligible, continued participation in government assistance and stimulus initiatives across Australia and the Asia region.

During the quarter, a phased 'return to office' plan was implemented across Australia and Asia in line with government advice and guidelines. All offices have robust plans in place to ensure that strict controls are applied in accordance with health, safety and wellbeing guidelines. Our priority remains the delivery of excellent service to our clients, whilst ensuring the health, wellbeing and safety of our staff.

## Outlook

The Company anticipates reduced levels of revenue throughout the first quarter of FY2021 due to COVID-19 and has budgeted accordingly in its variable and direct cost base. The benefit of reduced occupancy costs and the recent rationalisation of technology spend will further mitigate these lower revenues. Management continues to implement cash preservation and cost management initiatives to maximise available liquidity in light of the uncertainties created by COVID-19.

The Company is preparing its FY2020 financial results with appropriate assessment of the carrying value of intangibles and recoverability of trade receivables at 30 June 2020.

Management and the board continue to foster opportunities to pivot and further develop the business. The recent appointment of Non-Executive Director, Andrew Baxter to the GrowthOps board of directors adds impetus to re-energising our strategy, market positioning and sales.

Further information will be provided in the Company's annual results release at the end of August 2020.

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

31 July 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")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	20,569	92,185
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(5,307)	(22,361)
(c) advertising and marketing	(131)	(409)
(d) leased assets	-	-
(e) staff costs	(9,750)	(49,437)
(f) administration and corporate costs	(3,457)	(23,505)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	35
1.5 Interest and other costs of finance paid	(197)	(602)
1.6 Income taxes (paid)/refunded - net	(30)	484
1.7 Government grants and tax incentives	1,333	1,333
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>3,032</b>	<b>(2,277)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(37)	(244)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	(41)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	315	466
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>278</b>	<b>181</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	(6)	(6)
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>(6)</b>	<b>120</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	2,898	8,081
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,032	(2,277)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	278	181

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	120
4.5	Effect of movement in exchange rates on cash held	(92)	5
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,110</b>	<b>6,110</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	6,110	2,898
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>6,110</b>	<b>2,898</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**

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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	12,835	12,718
7.2 Credit standby arrangements	-	-
7.3 Lease Guarantees	750	592
7.4 <b>Total financing facilities</b>	13,585	13,310

7.5 **Unused financing facilities available at quarter end** 275

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.

Senior secured debt facility of \$12.835m with Westpac Banking Corporation, expires 1 July 2021  
The variable interest and finance charges is 3%pa on average for the quarter  
The lease guarantee facility has a revolving limit of \$750,000. The service fee is 1.25% per half year.  
Based on as yet unaudited financial results to 30 June 2020, the Company complies with the Financing Facility quarterly covenants at 30 June 2020

<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)	3,032
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,110
8.3 Unused finance facilities available at quarter end (Item 7.5)	275
8.4 Total available funding (Item 8.2 + Item 8.3)	6,385
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	Cash Flow Positive – n/a

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

1. 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?

n/a

2. 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?

n/a

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

n/a



## 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: 31<sup>st</sup> July 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.