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# COMPANY UPDATE

APRIL 2018

## MAIN HIGHLIGHTS

- ✓ Record Month Achieved - March
- ✓ On Target to Achieve \$45m Revenue
- ✓ NSW Passes 100 Employees
- ✓ Increase Geographical Workforce Locations
- ✓ Building Projects Underway
- ✓ New Building Project LOI
- ✓ QA/OHSE Accreditations Received

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**The GO2 People Ltd | ASX : GO2**

ACN 616 199 896

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[www.thego2people.com.au](http://www.thego2people.com.au)

# COMPANY CHAIR'S MESSAGE

Dear Shareholder,

On behalf of the Board of The GO2 People Ltd, I am pleased to provide the shareholders with this company update, which covers our first full quarter of operations since listing on the ASX.

Over the past quarter we have continued to achieve some important milestones for the business, including:

- Our first EBITDA-positive month in March 2018, off the back of our first \$5m revenue month, and our first \$1m revenue week. This is significant, as we invested some of the funds made available from the IPO into the overhead of the business to strengthen our corporate capability and pursue growth - and that growth is now being realised;
- The achievement of 100 candidates on placement in New South Wales. We opened the NSW office in November 2017 immediately after listing, with an internal target to achieve 50 candidate placements by 30 June 2018. To have doubled the candidate target 3 months ahead of time is testament not only to the capacity of the NSW market; but more importantly the passion and commitment of our NSW team;
- A number of important negotiations and contract wins for the building division, including Dirk Hartog Island and further camp expansion works for Altura on its Pilgangoora Lithium project.

It is also pleasing to note that GO2 has remained LTI-free since listing. This has been an area of focus for the Board and Management, with the internal appointment of a dedicated role to strengthen the safety culture throughout the business, and increasing focus on our internal management systems, reporting and training.

Unfortunately, we suffered a setback during the quarter when, as announced to the ASX on 12 February 2018, a debtor of GO2, VCS Civil and Mining Pty Ltd entered receivership. Although this did not represent a loss of ongoing revenue to GO2 (as we had previously ceased performing work for VCS), it did result in the need to provision for the amount owing from VCS to GO2 of \$445K in the first half, with our forecasts indicating a close to-neutral EBITDA result for the second half.

VCS' receivership also precipitated the resignation of former GO2 Director Doug Grewar, who was a Director of VCS' holding company. However, not only have we retained access to Mr Grewar's substantial experience and insights via his role on the GO2 Advisory Board, we have also used the opportunity to strengthen the Board with the appointment of two independent non-executive directors, Peter McMorrow and Dickie Dique. Both Peter and Dickie bring significant skills and experience to the Board, and their contribution is already having a range of positive impacts on the Board and the business.

As we look forward, we are confident that as the revenue of the business continues to grow past the \$45 million p.a. mark our EBITDA will continue to strengthen, and our cash reserves will stabilise. We continue to work on a number of further exciting growth initiatives, including our Labour Hire Division's expansion into Victoria and New Zealand, and new contract wins in the Building Division and will update the market as and when these initiatives come to fruition.

Our stated goal is to triple the business from listing to a \$100m revenue business, however whilst revenue is an important marker it is not, of itself, the goal. We are firmly focused on our growth journey of positive EBITDA - which we are now starting to achieve - positive profit and ultimately a sustainable flow of dividends providing attractive shareholder returns, combined with prudent reinvestment into the business. The Board and I look forward to reporting further to Shareholders in future as we continue our growth journey.



**Darren Cooper**  
Company Chair, The GO2 People Limited

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# HIGHLIGHTS



## REVENUE RECORDS

- March 2018 saw GO2 reach two significant milestones on its path to \$45m annual revenue, with the group recording its first \$1m revenue week and \$5m in total revenue for the month.



## NSW

- GO2's new Parramatta office has exceeded workforce personnel targets by 100%. Targeting a 50-strong workforce in NSW by June 30th 2018, our team achieved the 100 employee milestone at the beginning of April and workforce numbers continue to rise. This office is performing beyond Management's expectations.



## VICTORIA

- Our first workforce personnel have been placed in Victoria through existing national supply contracts. On the back of this, and additional client opportunities, we anticipate operating out of a Melbourne office by September 2018.



## SOUTHERN FOREST LIFESTYLE VILLAGE

- GO2 received a Letter of Intent to be engaged as the registered builder and principal contractor for this Over 55's development in Manjimup, WA. Project works include 48 homes and associated infrastructure with a revenue value of approximately \$10m. It is intended a contract will be executed by both parties in May 2018 before the project commences in June 2018.

# HIGHLIGHTS



## MEADOWBROOKE LIFESTYLE ESTATE

- Works have commenced on this project with the first houses constructed, received and installed on site in April. It is expected that this project will underpin the Building Division targets over the coming years.



## DIRK HARTOG ISLAND

- Construction has commenced on the first bathroom pods for DHI, with construction of the associated dwellings to follow in the coming weeks.



## ALTURA MINING LIMITED (ASX : AJM)

- Contract works on Altura's Pilgangoora Lithium Mine camp project have been successfully completed on time and within budget, taking the total project revenue past \$3.5m.

# HIGHLIGHTS



## QA/OHSE ACCREDITATION

Following an external auditing process in April, GO2 received accreditation for the following:

- AS/NZS ISO 14001:2016 - Environmental management systems
- AS/NZS ISO 9001:2016 - Quality management systems
- AS/NZS 4801:2001 - Occupational health and safety management systems
- OHSAS 18001 - Occupational health and safety management systems (International Standard)

## LTIs

### NO LTIs

- Since listing on the ASX, GO2 have recorded ZERO Lost Time Injuries, resulting in increased productivity for our clients and a reduction in resources dedicated to injury management.



## NEW BOARD APPOINTMENTS

- Peter McMorrow & Dickie Dique
- GO2 welcomed two new Independent Non-Executive Directors to the Board. Peter McMorrow and Dickie Dique, bring a wealth of experience and individual skill sets which align to the company growth strategy, whilst sharing the long term vision of GO2.

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# THE GO2 PEOPLE



**For more information please contact:**

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## Appendix 4C

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

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

The GO2 People Limited

**ABN**

45 616 199 896

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

31 March 2018

<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	10,934	29,479
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(11,089)	(27,341)
(c) advertising and marketing	(57)	(124)
(d) leased assets	-	-
(e) staff costs	(1,105)	(3,051)
(f) administration and corporate costs	(303)	(1,085)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(118)	(459)
1.6 Income taxes paid	(30)	(30)
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>(1,768)</b>	<b>(2,611)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(103)	(295)
(b) businesses (see item 10)	-	(150)
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash inflows from loans to other entities	20	215
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(83)</b>	<b>(230)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	10,026
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(1,387)
3.5 Proceeds from borrowings	830	2,826
3.6 Repayment of borrowings	(1,309)	(6,537)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(479)</b>	<b>4,928</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,881	464
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,768)	(2,641)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(83)	(230)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(479)	4,928



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,551</b>	<b>2,551</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,551	2,551
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,551</b>	<b>2,551</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash inflow from loans to these parties included in item 2.3

<b>Current quarter \$A'000</b>
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(38)
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20
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- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1 Relates to Director Fees paid as Wages and Salaries, as per agreed contracts
6.2 Relates to a partial repayment of a Loan provided to a related entity of a director of the Company, GO2 Skills and Training, the loan was provided in the year prior to the Company's listing.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

<b>Current quarter \$A'000</b>
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- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements	104	104
8.3 Other - Debtors funding facility	10,000	4,597
- Finance Lease facilities	582	582
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company's subsidiary GO2 Recruitment Pty Ltd, has an agreement with Scottish Pacific (BFS) Pty Ltd for the assignment of all debts owed by its customers for the provision of services (Debtors funding facility). The agreement secures the debts to Scottish Pacific BFS Pty Ltd for the funding provided. Interest charges are variable linked to BBSY rates plus and agreed margin.

The Company has a number of finance leases/hire purchase agreements, secured only over light vehicles or mobile plant and equipment funded. Interest charges are fixed at the time of entry into the arrangement. The facilities are provided by Westpac Equipment Finance, National Australia Bank and Toyota Financial Services.

Credit standby arrangements related to the Bank Guarantee facility provided by Westpac, the Bank Guarantees issued support the Company's rental bonds required on its leased properties. This facility is secured over Term Deposit Accounts holding an amount equivalent to the bank guarantee issued. The Term Deposits are not included in the total cash and cash equivalents reported at item 5.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(13,562)
9.3 Advertising and marketing	(48)
9.4 Leased assets	-
9.5 Staff costs	(1,101)
9.6 Administration and corporate costs	(305)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(15,016)</b>

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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal – cash Consideration for acquisition or disposal – shares issued		
10.4 Total net assets		
10.5 Nature of business		

**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.



Sign here: (Company secretary)

Date: 30 April 2018

Print name: Matthew Thomson

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

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