

THE GO2 PEOPLE RELEASE FY20 FOCUS PRESENTATION AND APPENDIX 4C FOR Q1 FY20

Highlights

- **Priority focus for FY20 is on consolidation of the core recruitment business and EBITDA improvement.**
- **Company to drive disciplined management of restructured overhead costs to achieve sustainable cash positivity.**
- **Overhead cost reductions since April 2019 now totals in excess of \$3m on an annualized basis (30% reduction in outflows quarter on quarter)**
- **Year to year growth in lead indicators of billing clients and peak workforce provide platform for consolidation and drive towards profitability in FY20**
- **Multiple service agreements with Tier One mining and construction clients secured during 2019.**
- **Cross-sell opportunities between recruitment and training will be further enhanced through FY20.**

22nd October, 2019: The GO2 People Ltd (ASX:GO2) ("The GO2 People" or "the Company") is pleased to update the market on the strategic focus of the Company for FY20 and the Appendix 4C for the September Quarter. The Company takes this opportunity to thank shareholders for showing patience as it re-positioned strategically following recent restructuring.

The focus for the Company in FY20 is to consolidate operations by focusing on the core business and profitability, through EBITDA improvement, capital management and operational synergies.

The Company intends to focus its energy and resources predominately on the core recruitment business, which has shown continued growth since inception, including 15% growth in FY19. Consistent solid revenues and multiple preferred service agreements with Tier One mining and construction clients will provide the



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platform for the Company to consolidate the recruitment business as it pivots from aggressive top line growth, to profitability and EBITDA improvement.

Furthermore, the drive towards profitability has included significant overhead cost reductions since April 2019, and now totals in excess of \$3m on an annualized basis. In addition to this, the Company is prioritising service delivery to its high margin Tier One clients to secure recurring revenue and maximise returns.

Tailwinds in the mining sector, particularly in WA, and continued infrastructure projects in the Eastern States, are expected to provide a baseline for revenues in FY20. First Quarter revenues are in line with Company expectations as the Company focuses on profitability over top line growth.

The Company will continue to explore the significant cross-sell opportunities between its recruitment and training businesses, leveraging the respective services to further enhance client relationships and develop new business opportunities. Strategic partnerships are also being developed in this regard and GO2 is hopeful of converting existing relationships into formal arrangements with synergistic business partners.

A key KPI for the Company has been to reduce its average debtor days for recruitment clients, this has been achieved by focusing on key clients, improved potential customer analysis and tight credit control. Improvements in this metric have partially led to the positive cashflow from operating activities reported through higher debtor receipts vs payments for the operating expenses for the current quarter.

In addition, the overhead reductions as announced have seen a 30% reduction in outflows for staff and other administrative costs for the Quarter (as compared to the corresponding 1st quarter for FY 19). This is also a 17% reduction compared to the June 2019 quarter, it is expected these outflows will now be consistent for the balance of the year.

With a clear strategy and focus on the core business and EBITDA improvement, we look forward to updating shareholders as we work towards the realisation of creating a profitable national, vertically integrated recruitment and training business.

Please see Appendix 4C for the FY20 September Quarter below.



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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")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,061	10,061
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,254)	(7,254)
(c) advertising and marketing	(13)	(13)
(d) leased assets	-	-
(e) staff costs	(996)	(996)
(f) administration and corporate costs	(384)	(384)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(95)	(95)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-



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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	1,319	1,319

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(0)	(0)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-



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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,792)	(1,792)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(1,792)	(1,792)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	939	939
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,319	1,319
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,792)	(1,792)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	466	466



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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	466	939
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	466	939

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(72)
6.2	Aggregate amount of cash inflow from loans to these parties included in item 2.3	-
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		

7. Payments to related entities of the entity and their associates		Current quarter \$A'000
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	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	



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8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other - Debtors funding facility
- Finance Lease facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	156	156
	15,000	3,243
	475	475

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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(8,164)
9.3 Advertising and marketing	(24)
9.4 Leased assets	-
9.5 Staff costs	(775)
9.6 Administration and corporate costs	(335)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(9,298)



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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: 22 October 2019

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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For more information, please contact:

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About The GO2 People

The GO2 People Ltd (ASX:GO2) is a leading provider of vertically integrated recruitment and building services to industry throughout Australia. The day to day operations of the company are underpinned by strong core values and an ethical approach to business principles which drive innovation, collaboration and an ongoing commitment to continuous improvement.

The company's Recruitment Division provides tailored staffing solutions to a range of industries with a client base that includes a number of national and multinational blue chip organisations across the construction, resources and industrial sectors.

GO2 Skills & Training is a nationally Registered Training Organisation (RTO 40927), delivering both accredited and non-accredited workplace training and education courses.

To learn more please visit: www.thego2people.com.au

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