

THE GO2 PEOPLE APPENDIX 4C & UPDATE FOR Q2 FY20

Highlights

- **Priority focus for FY20 is on consolidation of the core recruitment business and EBITDA improvement.**
- **Entitlement Issue completed during the quarter; amounts raised within company expectations. Shortfall discussions still being progressed.**
- **Overhead cost reductions since April 2019 now totals in excess of \$3m on an annualized basis (32% reduction in outflows quarter on quarter)**
- **Cashflow from operations positive, Total cashflow positive for the quarter**
- **First quarterly positive cashflow since listing, excluding the benefits of the Entitlement Issue.**

31st January, 2020: The GO2 People Ltd (ASX:GO2) ("The GO2 People" or "the Company") is pleased to release the the Appendix 4C for the December Quarter.

The Company takes this opportunity to thank shareholders who took up their entitlements in the recent capital raise and looks forward to welcoming new holders through the shortfall placement.

As previously stated, the focus for the Company in FY20 is the consolidation of its operations through the recruitment business, and profitability through EBITDA improvement, capital management and operational synergies. The December quarter has seen a 32% reduction in overhead expenses as compared to the September quarter and 35% reduction as compared to the corresponding December quarter for FY19.

The overhead reduction, a focus on service delivery to key high margin clients, and improved debtor days, has resulted in the Company reporting positive cashflow from operations. Furthermore, the Company has reported its first cashflow positive quarter since listing. Cashflows were positive before the inclusion of the inflows from the Entitlement issue.



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The Company has started to benefit from the increased resource sector activity in Western Australia, with the Company's WA recruitment division seeing an approximate 50% increase in candidates placed over the quarter. Whilst the restructure of the NSW office in the prior quarter to focus on the construction sector has enabled a number of new clients being onboarded and an approximate 40% increase in the average per week candidate revenue.

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 December Quarter below.

Issued by: The Go2 People Ltd

Authorised by: The Board of The Go2 People Ltd.

For more information, please contact:

Paul Goldfinch

Director

The GO2 People

0479 193 903

paulg@thego2people.com.au

Matthew Thomson

Chief Financial Officer

The GO2 People

08 6151 9200

matthewt@thego2people.com.au

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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The GO2 People Ltd
10 Belmont Avenue
Belmont, WA 6104
Phone: (08) 6151 9200
ASX: GO2
ACN: 616 199 896

www.thego2people.com.au



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 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,347	19,408
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,815)	(15,068)
(c) advertising and marketing	(18)	(31)
(d) leased assets	-	-
(e) staff costs	(776)	(1,772)
(f) administration and corporate costs	(161)	(545)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(95)	(191)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	482	1,801

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(120)	(120)
(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	115	115
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash outflows from loans to other entities	(47)	(47)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(52)	(52)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	288	288
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	(31)	(31)
3.5 Proceeds from borrowings	248	248
3.6 Repayment of borrowings	(622)	(2,414)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(117)	(1,909)

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	466	939
4.2 Net cash from / (used in) operating activities (item 1.9 above)	482	1,801
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(52)	(52)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(117)	(1,909)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	779	779

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	779	466
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)	779	466

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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	(26)
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 <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	156	156
8.3 Other - Debtors funding facility	15,000	3,243
- Finance Lease facilities	359	475

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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(6,872)
9.3 Advertising and marketing	(18)
9.4 Leased assets	-
9.5 Staff costs	(605)
9.6 Administration and corporate costs	(105)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(7,600)

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: 31 January 2020

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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