

THE GO2 PEOPLE APPENDIX 4C & QUARTERLY ACTIVITIES REPORT FOR Q3 (MARCH) FY20

Highlights

- Priority focus remained on consolidation of the core recruitment and training businesses through positive cashflow and EBITDA improvement.
- Continued cost stabilisation has been achieved across the business during Q3.
- Cashflow from operations positive, total cashflow positive for the quarter.
- GO2 achieved EBITDA positivity for the quarter.
- Above points indicate the progress made by the Company since its restructure in Q1
- Training Division has developed its first online training course and is currently developing other online courses
- The Company has adapted to the COVID-19 crisis and maintained full operational delivery capacity
- Business model suited to re-deployment and re-training of unemployed workers

29th April, 2020: The GO2 People Ltd (ASX:GO2) ("The GO2 People" or "the Company") is pleased to release its Quarterly Activities Report and Appendix 4C for the March Quarter.

During Q3 FY20, the Company remained focused on the consolidation of its core recruitment and training operations through EBITDA improvement, positive cashflow and responsible capital management. Increased attention to the



For personal use only

service delivery to key high margin clients has seen the overall gross margin improve in Q3.

Continuing its pivot towards profitability over top line growth in FY20, the Group is pleased to report positive EBITDA for the March Quarter, in addition, the Company has reported positive total cashflows in Q3. This, following the positive results for the December quarter, has seen the Company produce back to back cashflow positive quarters for the first time since listing.

Collectively achieved, these small milestones indicate progress is being made by the Company since the operational restructure in Q1 FY20.

Receipts from customers were \$7.9m, a decrease vs. the December quarter with January in particular, an expected slow month following the break over the festive season and impact of various public holidays. Offsetting this, direct operating costs have also fallen, whilst overhead stabilisation has seen staff costs reduced by 12% on the prior quarter and 120% on the March 2019 quarter. As a result, the Company is reporting positive operational cashflows of \$728k for the quarter, increasing the year to date operating cashflow to a positive \$2.48 million.

During the March Quarter, the Company closed the Shortfall Offer associated with its Shareholder Entitlement Issue which closed in the previous Quarter, raising an additional \$104k in February. A decrease in the Recruitment Division's receivables balance over the quarter, contributed to a reduction in the balance of funding provided by Scottish Pacific during the quarter resulting in a debt repayment of \$787k.

The Company continues to progress a claim against its advisors relating to the bad debt incurred when Preston Green Pty Ltd fell into administration in the September Quarter FY20. The expectation is that this will be settled before completion of the FY20 financial year.

The Company's businesses have adapted well to the challenges presented by the COVID-19 crisis and it has maintained full operational delivery capacity. We have continued a proactive approach to communicating with our clients and are in contact with them on a daily basis. A lack of available flights from Perth to regional areas of WA has created a bottleneck scenario for Companies in the WA mining sector attempting to mobilise personnel to mine sites. Whilst the Company



For personal use only

continues to fill job orders from its WA mining clients, slower than expected deployment is likely to impact revenue in April. It is not, however, anticipated to be an ongoing issue as mining companies work towards solutions.

The Recruitment Division expects to see numerous opportunities on the back of tail winds in the mining and infrastructure sectors. The Training Division has developed its first online training course which it is now generating revenue from. Additional online courses are currently under development. Furthermore, the employment and training model of the Company has it well positioned to convert opportunities that are presenting on the back of the Government's commitment to re-deploy and re-train workers left unemployed during the crisis.

As previously stated, The Board of Directors continue to assess additional growth opportunities available to the Company. The Company looks 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 March Quarter below, payments to related parties as disclosed at Item 6 relate to payments to Directors for agreed services/fee and salary arrangements split as follows:

Non-Executive Director	\$ 20,531
Executive Directors	\$101,103

Issued by: The GO2 People Ltd
Approved by: The Board of The GO2 People Ltd

For more information, please contact:

Paul Goldfinch
Executive 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



For personal use only



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

For personal use only



Appendix 4C

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

Name of entity

The GO2 People Ltd

ABN

45 616 199 896

Quarter ended ("current quarter")

March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,981	26,772
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(6,172)	(21,002)
(c) advertising and marketing	(19)	(50)
(d) leased assets	(88)	(21)
(e) staff costs	(681)	(2,453)
(f) administration and corporate costs	(213)	(758)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	-	
1.5 Interest and other costs of finance paid	(80)	(271)
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	728	2,488



For personal use only

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	
(b) businesses	-	
(c) property, plant and equipment	-	(120)
(d) investments	-	
(e) intellectual property	-	
(f) other non-current assets	-	
2.2 Proceeds from disposal of:		
(a) entities	-	
(b) businesses	-	
(c) property, plant and equipment	-	115
(d) investments	-	
(e) intellectual property	-	
(f) other non-current assets	-	
2.3 Cash flows from loans to other entities	5	(42)
2.4 Dividends received (see note 3)	-	
2.5 Other (provide details if material)	-	
2.6 Net cash from / (used in) investing activities	5	(37)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	104	392
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		



For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(23)	(54)
3.5	Proceeds from borrowings	-	248
3.6	Repayment of borrowings	(787)	(3,201)
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	(706)	(2,615)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	748	939
4.2	Net cash from / (used in) operating activities (item 1.9 above)	728	2,488
4.3	Net cash from / (used in) investing activities (item 2.6 above)	5	(37)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(706)	(2,615)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	775	775



For personal use only

For personal use only

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	775	748
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)	775	774

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	122
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	15,350	3,156
7.2	156	156
7.3	-	-
7.4	15,506	3,312

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

12,194

- 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.

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 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.

For personal use only



For personal use only

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	728
8.2	Cash and cash equivalents at quarter end (Item 4.6)	775
8.3	Unused finance facilities available at quarter end (Item 7.5)	Refer Item 7
8.4	Total available funding (Item 8.2 + Item 8.3)	
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A as cashflow positive for the quarter

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?

- 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?

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

Answer:

Compliance statement

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

Date:

Authorised by:
 (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.

For personal use only

