

THE GO2 PEOPLE APPENDIX 4E AND FY20 ANNUAL REPORT

HIGHLIGHTS OF FY20 CONSOLIDATION STRATEGY

- Reduced total operational overhead spending by \$4.5m, or 60%, annually
- Group's gross margin as percentage of Revenue increased to 12.5% (from 11%),
- Total cashflow positive for the year ended 30 June 2020.
- Positive EBITDA achieved for the six months Jan – Jun 20
- Positive EBITDA achieved for the full year FY20 (normalised)
- Launched Training Division's first online training course with others under development
- Maintained full operational delivery capacity during COVID-19 crisis

28th August, 2020: The GO2 People Ltd (ASX:GO2) ("The GO2 People" or "the Company") is pleased to release its Appendix 4E and FY20 Annual Report.

Managing Director, Billy Ferreira: "The Company is pleased to have delivered significant improvements both operationally and financially as part of its consolidation strategy in FY20, a year which presented unprecedented challenges to many companies. A significant restructure in the first quarter of FY20, followed by execution of the Company's strategy saw consecutive quarters of EBITDA and cashflow positivity indicating the sustained progress we have made as a business. The second half of FY20, in particular, has provided an excellent foundation for the continued focus on meaningful earnings in FY21.

We thank our loyal shareholders, and those new to the register, and look forward to delivering meaningful earnings this year."



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EBITBA and Normalised EBITDA is reconciled as follows:

| | FULL YEAR 30 JUNE 2020 \$ | SIX MONTHS To 30 JUNE 2020 \$ | SIX MONTHS To 31 DECEMBER 2019 \$ |
|---|------------------------------------|--|---|
| EBITDA | (678,608) | 338,023 | (1,016,631) |
| Add Back One-Off Costs Redundancy and Payroll Costs | 379,971 | - | 379,971 |
| Impairment of Building Receivable | 500,000 | - | 500,000 |
| Less Settlement of Legal Claim | (307,208) | (307,208) | - |
| Transaction mandate | 106,758 | 32,871 | 73,887 |
| Loss from associates – noncore business | 36,307 | 36,307 | - |
| Normalised EBITDA | 37,220 | 99,993 | (62,773) |

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

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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



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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 LIMITED
A.C.N. 616 199 896

APPENDIX 4E
PRELIMINARY FINAL REPORT

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period: Full year ended 30 June 2020

Previous Corresponding Period: Full year ended 30 June 2019

For and on behalf of the Directors



MATTHEW THOMSON
JOINT COMPANY SECRETARY

Dated: 28 August 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| Revenue and Net Profit | AUD'000's | | |
|---|------------------|----|---------|
| Revenue from ordinary activities | Decreased 37% | to | 29,083 |
| Loss from ordinary activities after tax attributable to members | Decreased 48% | to | (1,850) |
| Net loss for the period attributable to members | Decreased 48% | to | (1,850) |

Dividends

There were no dividends paid or declared during the period.

COMMENTARY

The directors report accompanying this preliminary final report contains a review of operations and commentary on the results for the period ended 30 June 2019.

NET TANGIBLE ASSET BACKING

| | 30 June 2019 | 30 June 2018 |
|------------|---------------------|---------------------|
| | 000's | 000's |
| Net Assets | (136) | 2,802 |



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| | | |
|---|---------|---------|
| Less intangible assets | (481) | (552) |
| Net tangible assets of the Company | (617) | 2,250 |
| Fully paid ordinary shares on issue at Balance Date | 142,689 | 117,964 |
| Net tangible asset backing per issued ordinary share as at Balance Date | (.01) | .02 |

AUDIT DETAILS

The accompanying financial report has been audited.

REVIEW OF OPERATIONS

The Group continued to pursue its principal Recruitment and Training activities during the year which included a significant restructuring of its business operations in Q1 FY20, the key focus of the consolidation strategy being EBITDA improvement, cashflow positivity and responsible capital management. The beneficial outcomes of this restructure were evident in H2 FY20. With a renewed focus on the pathway to earnings as opposed to the large-scale revenue growth model previously pursued, restructuring costs were incurred in H1FY20, predominately through staff redundancies and organisational changes. This restructuring has resulted in total operational overhead spending decreasing by \$4.5m, or 60%, annually. A far leaner and sustainable business model was therefore implemented in FY20.

A critical part of the restructure was the downscaling of the Group's Building division to reduce its exposure to the volatile and capital-intensive building industry. The Company will complete a small amount of existing works however it retains the capability to deliver small low risk projects for key clients through a project costing model, if it so chooses, which will not impact its new stable overhead structure. The shift away from building has allowed the Company to focus on high quality service delivery of its principal activities of recruitment and training.

Income from the Recruitment activities decreased by 37% to \$27.2m for the full year ended 30 June 2020 (as compared to the full year end 30 June 2019) on the back of restructure and the later impacts of COVID-19. Pleasingly however, the division's Gross Margin % increased in FY20 from 10.9% to 12.5%. This was largely due to a consistent focus on maintaining the highest delivery standards to key customers with greater opportunities and high profit margins. The Company also implemented additional technology to assist with streamlining the recruitment and mobilisation of its workforce. Orders from key clients across the Recruitment Division remain strong and the Company has identified numerous opportunities on the back of tail winds in the mining and infrastructure sectors which will carry into FY21.

GO2's Training Division continued to deliver its advanced Leadership and Management training to key recruitment clients during the first half, whilst expanding its offering to include business to consumer online training courses. This additional offering, particularly in the mining supervisor space, produced additional revenue for H2 FY20 and is expected to grow into the FY21. The Training Division has new online courses under development which will be launched in H1 FY21. GO2 Skills and Training contributed \$0.6m in



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FY20 which was in line with the prior year, although a reduction in the ability to deliver face to face training due to COVID-19 in H2 FY20 was partially offset by the increased online offering.

In the final quarter of the year, the Company's businesses adapted swiftly to the challenges presented by the COVID-19 crisis to maintain full operational delivery capacity. With the benefit of Government assistance, management remained focused on the consolidation strategy of its core recruitment and training operations and whilst revenues dipped slightly during Q4, a leaner business model meant this had no impact on EBITDA positivity. The revenue dip was largely due to a bottleneck scenario for Companies in the WA mining sector attempting to mobilise personnel to mine sites. Border closures and less flights to regional areas of WA were the main hurdle however a return to more 'business as usual' mobilisation schedules will increase the Company's ability to get more workers on site.

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