

Appendix 4C: Operations Update & Quarterly Cashflow Report Quarter Ended 31 March 2022

The GO2 People Ltd (ASX:GO2) ("**GO2**" or the "**Company**") is pleased to release its quarterly 4C Cashflow Report and Operations Update for Q3 FY2022.

Quarterly Highlights

- Advanced Traffic Management (**ATM**) contract commenced.
- Increased margins in renegotiation of contract with Apprentice Host Employer.
- Successful tender contract with Department of Education, Skills and Employment.
- Mr. Steven Richards appointed as Chief Financial Officer (**CFO**) effective immediately.

Operations Update

The focus of the business moving forward is to leverage from foundation/transformational work completed over the previous 2 quarters and deliver outcomes that underpin a sustainable and profitable business.

On 9 February 2022, the Company announced an exclusive services agreement to service the human resources and training requirements of the Advanced Traffic Management group of companies ("**ATM**").

GO2 estimates that the labour hire component of the Services Contract with ATM could represent approximately \$22 million in new revenue in the first year alone, based on ATM's projected labour requirements through to 30 June 2023¹. It is also anticipated that additional revenue will be generated from recruitment, traineeship and training services over the course of the contract term.

¹ This estimate assumes that Skill Hire provides labour hire personnel to meet at least ATM's projected labour requirement to 30 June 2023, including that in the first year ATM requires an average of 270 employees working 5 days per week, at an average of 8.75 hours per day, plus 70 employees working 8 hours per day on both weekend days. The actual revenue amount may differ materially from this estimate if ATM's requirements change over the course of the Services Contract, including if the Services Contract is terminated.



The Company commenced its first payroll of traffic controllers on 10 March 2022 and within 4 weeks has already achieved a run rate of approximately 70% of the estimated monthly contract value, and the Company is on track to report the full value by the end of this financial year.

Renegotiation of rates with the Company's largest Apprentice Host, who currently supports 65 apprentices in WA, will result in improved apprenticeship margins, and is indicative of a whole-of-business focus on improving margins across the existing client base.

GO2's apprenticeship business was impacted in January and February 2022 by seasonal holidays, Covid vaccination mandates and apprentices leaving the industry. Overall, apprentices have maintained a positive headcount, with renewal growth in this area, which will provide a positive impact to the Q4 2022 results.

Total labour hire revenue was impacted by the flood events in Queensland with a number of mining employees unable to work for several weeks.

During Q3 GO2 and its subsidiary Skill Hire WA Pty Ltd received tender award results for contracts with the Department of Education, Skills and Employment, (*Refer ASX Release dated 23 March 2022*). Whilst the Company was successful in several tender wins for long-term government contracts, it was not successful in securing growth into other states outside of WA. A plan exists to grow the JobReady Services business with innovative product design to service Workplace Australia contract holders. Many encouraging partnership conversations are progressing, and the Company will be in a position to update on the outcome of these in early FY 2023.

Broadly the business is operating in a buoyant market with many exciting opportunities. The Boosting Apprenticeship Commencement (BAC) government grants for new Apprentices and Trainees has been extended until 30 June 2022.

High demand for recruitment services exists in all serviced markets, and the Company is experiencing a large appetite from its existing client base for its value proposition of helping to "build their workforces" with GO2's vertically integrated service offering.



Cashflow Update

Net cash outflows from operations were \$297K for the quarter. Cash receipts fell by \$4.29 million compared to Q2 FY22. Flooding in Queensland and holiday periods in January impacted labour services with reduced billing over the period. This was offset by lower operating costs (\$2.45 million lower) and lower staff costs (\$2.3 million lower) compared to the previous quarter.

Net cashflows from financing activities were -\$759K, of which \$424k was a net repayment in the amount drawn under the ScotPac debtor financing facility.

At 31 March 2022 the Company had available cash of \$3.64 million, in addition to a \$1.025 million bank overdraft facility for general working capital (currently undrawn).

The Appendix 4C accompanies this announcement.

Superannuation Guarantee Liability

As Announced to ASX on 17 January 2022, the Company has lodged further superannuation guarantee statements with the ATO for the period 1 July 2018 to 30 June 2021, disclosing a potential further liability of \$2.66 million. As the potential liability is self-reported, GO2 intends to make submissions seeking remission of any additional penalties or charges. The Company has fully provided for the SGC liability and subject to approvals, intends to work with the ATO to make the repayments out of excess working capital over a period of time.

People

On 30 March 2022, the Company announced the appointment of Mr. Steven Richards as its new Chief Financial Officer (**CFO**) effective immediately.

Mr. Richards is a Chartered Accountant and highly experienced CFO having worked in a number of ASX-listed entities. He has an undergraduate honours degree in Accounting Cum Laude, and a Master of Business Administration (MBA).



Corporate

During the quarter 25,426,418 GO2 fully paid ordinary shares were released from voluntary escrow. The shares are quoted on the ASX and were issued as Initial Consideration for the acquisition of Hunter Executive Search Consultants Pty Ltd completed in March 2021.

The Company has 406,638,254 fully paid ordinary shares on issue 31 March 2022, of which 181,919,208 are held in voluntary escrow.

Related Parties Payments During the Quarter

For the purposes of ASX Listing Rule 4.7C.3, payments of \$122k to related parties as disclosed at Item 6 of the Appendix 4C relate to payments to Directors for agreed Directors' salaries, fees and superannuation.

Commentary

GO2 Board Chair Darren Cooper said,
"GO2 Group has been through significant changes over the past 9 months following the acquisition of Skill Hire. Elements of the current quarter's operating result indicate we have made significant operational improvements and are on a sustainable growth path.

We continue to work through legacy issues, and investors will note that we have now completed our superannuation reconciliation and self-reporting to the ATO.

As a Company, we have strengthened our Board and Executive team to ensure we are well-positioned for future growth."

For more information, please contact:

Darren Cooper
Board Chair
investor@thego2people.com.au

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





About The GO2 People Ltd

The GO2 People Ltd (ASX:GO2) is a leading provider of recruitment and training 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.

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



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")

31 March 2022

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	15,086	51,734
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(10,212)	(35,140)
(c) advertising and marketing	(184)	(495)
(d) leased assets	-	-
(e) staff costs	(1,244)	(8,453)
(f) administration and corporate costs	(3,732)	(6,765)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(11)	(259)
1.6 Income taxes paid	(7)	(7)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	5	5
1.9 Net cash from operating activities	(297)	620
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(92)	(222)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	69
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash outflows from loans to other entities	5	(6)
2.4	Dividends received (see note 3)	-	-
2.5	Other (transfer from financial assets at amortised cost)	-	5,112
2.6	Net cash (used in) investing activities	(87)	4,953

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(424)	(2,271)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (transfer from financial assets at amortised cost)	-	-
3.10	Payment for finance leases	(335)	(908)
3.11	Net cash (used in)/ from financing activities	(759)	(3,179)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,783	1,246
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(297)	620

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(87)	4,953
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(759)	(3,179)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,640	3,640

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	3,640	4,783
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)	3,640	4,783

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 <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	16,174*	1,615
7.2	Credit standby arrangements	1,099	74
7.3	Other (please specify)	-	-
7.4	Total financing facilities	17,273	1,689
7.5	Unused financing facilities available at quarter end		15,584
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.		
	<p>*Debt Factoring Facility</p> <p>Some of the Company's subsidiaries have a Debtors Funding Facility ("Facility") with Scottish Pacific (BFS) Pty Ltd ("ScotPac") in respect of labour hire debts owed by certain of their ScotPac-approved customers. The Facility secures the debts to ScotPac for the funding provided. Interest charges are variable linked to BBSY rates plus an agreed margin.</p> <p>A Facility of up to \$15 million has been approved, however this is limited to 80% of the Approved Debtors (as defined under the terms of the Facility Agreement) at any point in time. As at 31 March 2022 trade debtors for the entities subject to the Debtors Funding Facility totalled approximately \$2 million, of which the draw down limitations apply, as outlined above.</p> <p>Finance Leases</p> <p>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.</p> <p>Bank Guarantee</p> <p>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.</p> <p>Bank Overdraft</p> <p>The Skill Hire WA Pty Ltd subsidiary also has a \$1.025 million bank overdraft facility with Bankwest that is available for use.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(297)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,640
8.3	Unused finance facilities available at quarter end (item 7.5)	15,584*
8.4	Total available funding (item 8.2 + item 8.3)	19,224

8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)**

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Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 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?

Answer: N/A

8.6.2 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?

Answer: N/A

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

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date:29 April 2022.....

Authorised by:The Board of The GO2 People Ltd.....

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*

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

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.