

Appendix 4D: Half Year Financial Report & Operations Update Six Months to 31 December 2022

Education, training and employment solutions provider The GO2 People Ltd (ASX:GO2) (“GO2” or the “Company”) is pleased to release its Half Year Financial Report for the six months to 31 December 2022 (**First Half**) and Operations Update.

Highlights

- Another strong period of revenue growth, with revenue for the First Half of \$43.02 million (up 19.7% from 1H FY22)
- Operating Expenses¹ have reduced from 27.4% of revenue in 1H FY22 to 16.8% of Revenue in the First Half.
- Encouraging EBITDA trend as the business continues to grow revenues & client margins and has implemented significant “right-sizing” cost reductions
- Continued growth in the Group’s higher-margin activities such as training, executive recruitment, apprenticeships and Government contracts.
- Significantly-improved net current assets position on the Balance Sheet, with a large portion of previously-current liabilities moved to non-current as a result of approval of the ATO payment plans
- Two important accreditations achieved under Federal Government labour mobility programs
- Join Board Chair Darren Cooper & Managing Director Shawn Murphy at a half-year results webinar on Wednesday 1 March 2023 at 1pm AEDT https://us02web.zoom.us/webinar/register/WN_Zyylz96QTLumlVIM8kOTvg

¹ Calculated as Employee Benefits + Selling & Marketing Expenses + Corporate & Administration Costs

Operational Overview

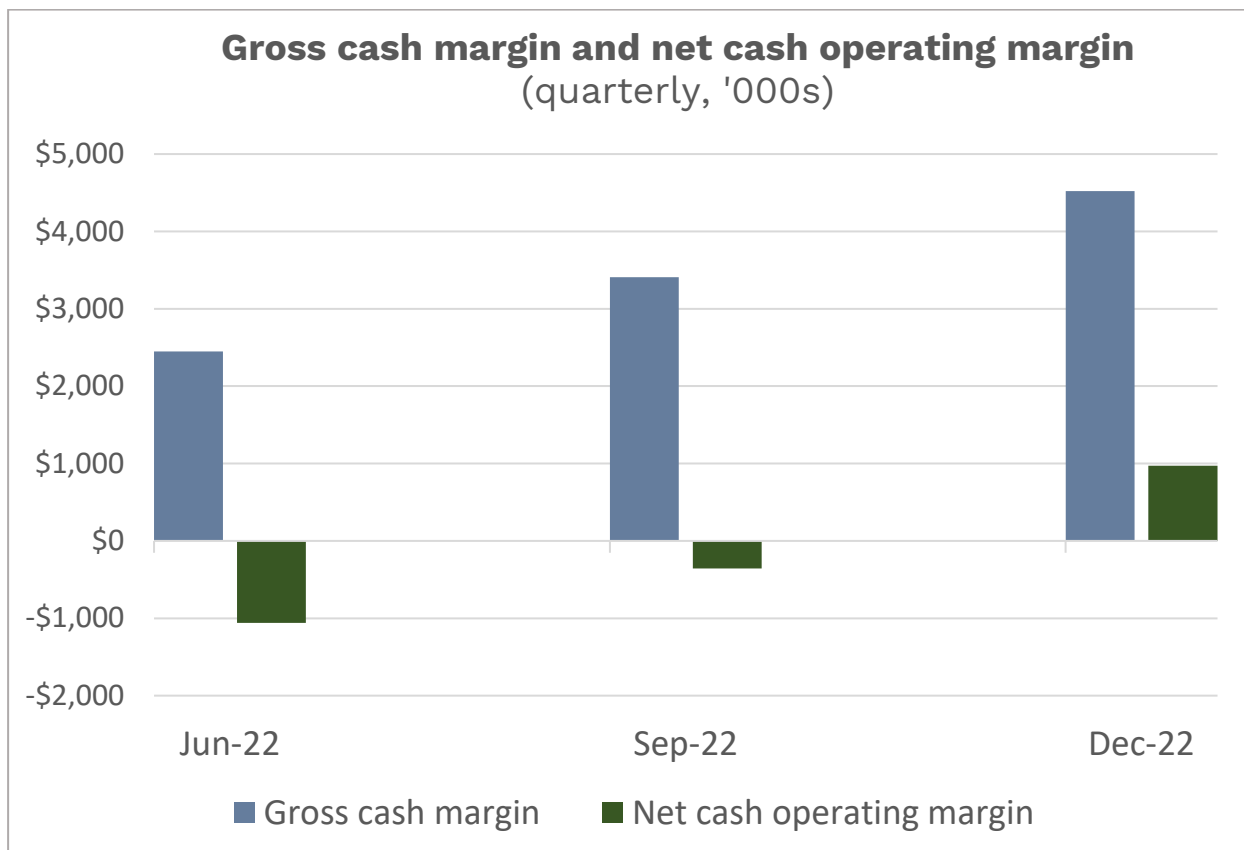
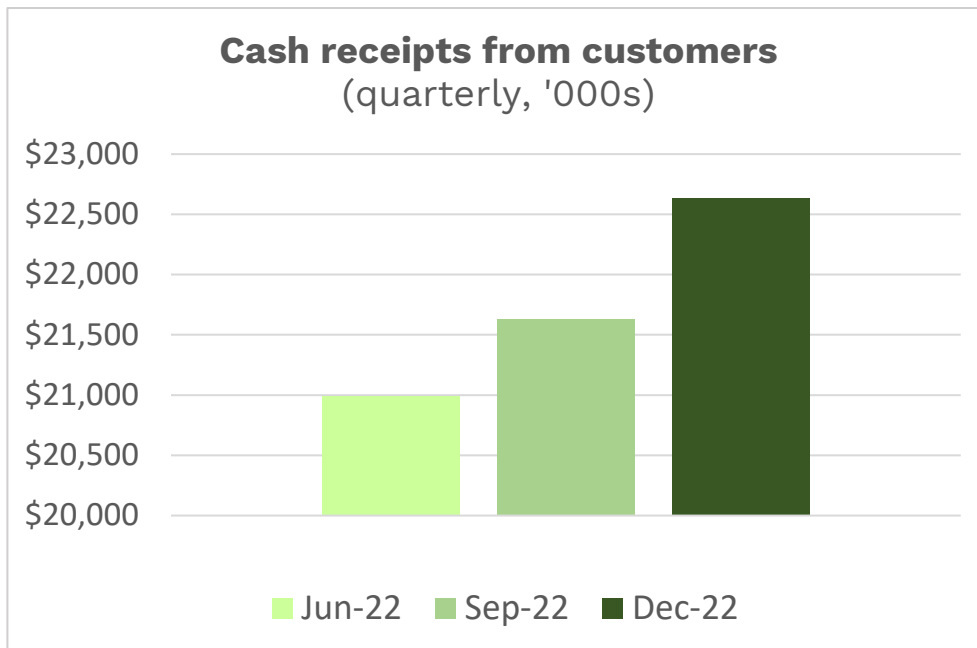
Financial Performance

The business continues its turn-around, based on three key strategies:

- Growing top-line revenues through both new client wins and broadening the numbers of candidates and the range of services the business has with existing clients;
- Growing client margins in a market where every client is needing a fill and/or train a workforce; and
- Continuing to rationalise operating costs to ensure the business is right-sized and profitable.

As this turn-around is currently in progress, the quarterly results shown in the Appendix 4Cs provide more detailed insight than the half-year numbers. The following quarterly metrics are taken from the Group's Appendix 4Cs lodged with the ASX:

Quarter:	Jun-2022 (\$'000s)	Sep-2022 (\$'000s)	Dec-2022 (\$'000s)	Source / Calculation
Cash Receipts from Customers	20,990	21,629	22,633	From Appendix 4C, Item 1.1
Gross Cash Margin	2,447	3,410	4,522	Cash Receipts from Customers less Product Manufacturing & Operating Costs
Net Cash Operating Margin	(1,061)	(355)	970	Gross Cash Margin less Advertising & Marketing, Staff Costs, and Administration & Corporate Costs



Significant Milestone Approvals with the Federal Government

GO2's Skill Hire subsidiary has now been approved by the Australian Government's Department of Home Affairs as a Temporary Activities Sponsor for a period of five years. This approval allows Skill Hire to sponsor overseas workers in the following three visa categories:

- Temporary Work (International Relations) (Class GD) (Subclass 403)
- Training (Class GF) (Subclass 407)
- Temporary Activity (Class GG) (Subclass 408)

With the approval of the Temporary Activity Sponsorship, the Group is currently scoping both State and Federal visa-related programs which it can use to assist clients with addressing skill shortages and fill their current workforce needs.

One identified program is the Federal Government's Pacific Australia Labour Mobility (PALM) scheme, in which Skill Hire is well advanced with its application to become an Approved Employer. If successful, this would allow Skill Hire to recruit workers from nine Pacific islands and Timor-Leste on behalf of clients who have an identified workforce gap which has not been or cannot be addressed by local workers.

Through the PALM scheme, Skill Hire would be eligible to recruit workers for seasonal jobs for up to 9 months, or for longer-term roles for between one and 4 years in unskilled, low-skilled and semi-skilled positions.

This announcement provides a positive solution to workforce requirements without clients having to go through the process of becoming an approved immigration sponsor and carrying the accompanying administrative requirements.

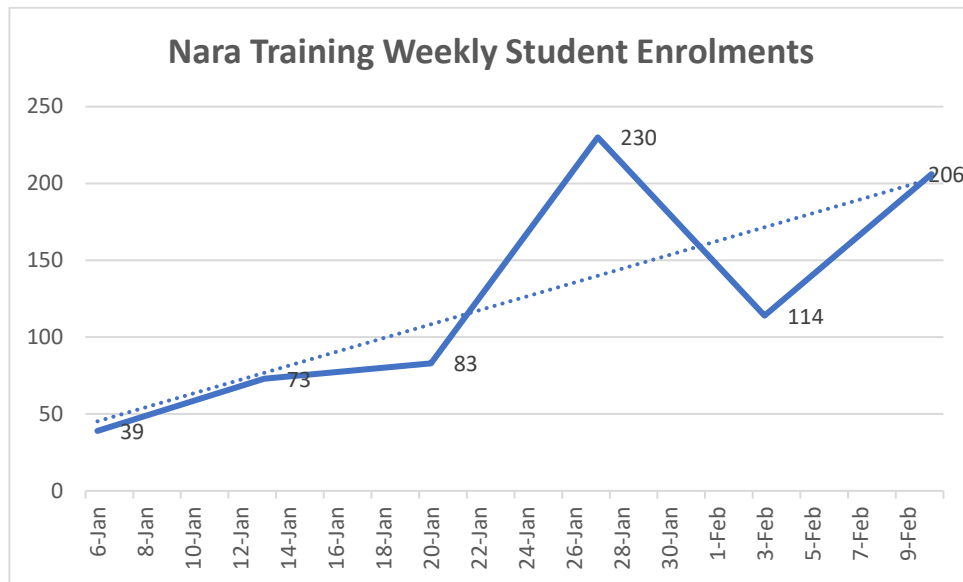
Continued Growth in Labour Hire

Growth in candidate numbers on the Bunbury Outer Ring Road (BORR) project continues, with 59 current candidates on site and open orders for a further 30. The revenue run-rate for this project in Q2 averaged \$226K per month, however as of February 2023 the current run rate is ~\$500K per month.

Growth in Training Services

The group undertakes high-risk training (e.g. Elevated Work Platform, Confined Space etc) via its NARA Registered Training Organisation (RTO) subsidiary. Training is a potentially high-margin activity for the Group, but relies on full or near-full classes to generate maximum margin.

A focus on driving improvement in this business commenced in late 2022 when GO2 secured a core group of strong High Risk Trainer Assessors on a full-time basis, and a comprehensive program of initiatives was implemented to improve course utilisation. Key Account Management, internal referrals, marketing initiatives and provision of an Afterpay option for candidates have resulted in student numbers increasing rapidly.



In addition to improving utilisation of existing courses, the successful recruitment of casual trainers will now allow for scheduling of additional courses in GO2's existing training facilities in Perth and Bunbury as well as servicing the many requests GO2 receives from clients for on-site training.

Hunter Executive

The recently-announced acquisition of Mechtech Australia and the employment of its former owner Nicholas Connolly to lead GO2's recruitment activities in Queensland has already resulted in successful client briefs and candidate placements.

In addition GO2 has recruited an additional two team members in Perth. This, combined with the continually-improving performance of the Company's Melbourne office, has already resulted in strong trading performance in January and an encouraging forward pipeline of work & revenue.

Workforce Development

The Group's Transition to Work (TtW) contract with the Federal Government continues to grow organically. Client numbers have increased from 181 at the start of the financial year to 210 currently, and are expected to grow to 250 for Q4 which would represent an increase in the revenue run-rate of \$379,000 per annum.

Skill Hire holds three contracts with Department of Employment and Workforce Relations (DEWR), however only one of them - Transition to Work (TtW) as mentioned above - has generated significant revenue since 1 July 2022 due to challenges with the contracts and a change in approach by the new Federal Government.

This has improved recently, with 38 referrals across January & February for Employability Skills Training (EST) resulting in revenue of approximately \$34K, and 25 referrals for Career Transition Assistance (CTA) resulting in revenue of approximately \$45K. This improving trend is expected to continue to accelerate.

The Group has also received permission to open a new office in Narrogin WA, which will further increase client numbers and revenue under the Transition to Work contracts.

Shortfall Placement Activity

The Group continues to market its ~\$3.1m Shortfall Placement at a share price of 1.2c, with a recent east coast investor roadshow resulting in a number of potentially interested parties. The Shortfall Placement is open until 15 March 2023, and the Directors are confident that investors who understand the group's growth and potential will take up the Shortfall as positive news flow continues to emerge.



Continued Director Support

As previously reported, as a demonstration of the Company's commitment to becoming cashflow self-sustaining, Non-Executive Board Chair Darren Cooper and Managing Director Shawn Murphy have committed to taking their Board Fees in GO2 shares for an initial period of six months from 1 January 2023 to 30 June 2023, and thereafter subject to review (for the sake of clarity, Mr Murphy will continue to receive his CEO salary in cash).

The number of shares will be calculated monthly at the VWAP for each month, with the grant of shares subject to approval by shareholders at the Company's Annual General Meeting in November 2023. Failing approval, the fees will be paid in cash following the General Meeting.

For more information, please contact:

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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