

Appendix 4C: Operations Update & Quarterly Cashflow Report Quarter Ended 31 March 2023

Education, training and employment solutions provider The Go2 People Ltd (ASX:GO2) (“**GO2**” or the “**Company**”) is pleased to release its Operations Update and quarterly 4C Cashflow Report for Q3 FY2023 (**Quarter**).

Highlights:

- Continued positive Net Cash Operating Margin in the March quarter, despite the seasonally quieter January month
- Approval expected shortly for Skill Hire to become the first Approved Employer servicing the mining industry within the Pacific Australia Labour Mobility (PALM) Scheme
- Workforce Development contracts with DEWR continue to grow and the Company's allocation of Return to Work clients has been increased
- \$1.77 million in total available funding as at 31 March 2023 (cash + unused finance facilities)

Operational Overview

During the Quarter, the business continued its turn-around, based on strong revenue, clients and candidates while focusing on expanding margins and rationalising operating costs. Quarter 3 traditionally presents seasonal challenges to the business given the significant volume of holidays taken by our workforce in the month of January. This is especially impactful in our Apprenticeships business, where we engage our employees permanently but are not able to on-hire them and invoice for their time during leave.

Despite these challenges, the business continues to achieve incremental improvements in many areas, including higher-margin activities such as training and executive recruitment. We are also expecting to shortly receive final approval to our application to become the first Approved Employer servicing the mining industry within the Pacific Australia Labour Mobility (PALM) Scheme. 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 would allow The GO2 People to present 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.

Our strong operational performance is encouraging further steady growth in numbers of our Workforce Development contracts with the Australian Government Department of Employment and Workforce Relations. Pleasingly, our allocation of Transition to Work clients has been increased by the Department from 210 to 240 across the Great Southern and Wheatbelt regions in WA for the April to June quarter.

Performance in our Training Services business, Nara High Risk Training, improved significantly in February and March following a focused project to fill course vacancies. As a result, this business unit enjoyed record revenue in February and March with strong profitability.

In contrast, our Skill Hire Training business continues to experience challenges with referrals. A series of 3 events held throughout March to better engage Vocational Education & Training (VET) Coordinators and Career Practitioners in the Education Sector is part of our coordinated strategy to improve these results in the short term.

Our Apprenticeships business experienced a quarter-on-quarter decline in Apprentice numbers this quarter, mostly due to Apprentice graduations and weaker demand from the construction industry, which resulted in Apprentice hand-backs from host employers and increased rotations among employers. Nevertheless, our financial performance remains strong in this business due to good cost control and improved margins.

Our Queensland recruitment business softened due to seasonal effects of the quieter January month, which impacted our cash receipts for the quarter. However, new leadership and an expanded team are now producing improved results in April. In Western Australia our employee numbers in civil construction and warehousing remain strong, however, our delivery to the mining sector has slowed affecting receipts.

Hunter Executive continues to gain momentum with new internal appointments in Perth, Melbourne and Brisbane, and whilst the value of retainers and permanent placements increased significantly in April, these improved results were not yet evident in Quarter 3 performance.

Financial Performance

The table below sets out a comparison with previous quarters:

Quarter:	Jun-2022 (\$'000s)	Sep-2022 (\$'000s)	Dec-2022 (\$'000s)	Mar-2023 (\$'000s)	Source / Calculation
Cash Receipts from Customers	20,990	21,629	22,633	20,223	From Appendix 4C, Item 1.1
Gross Cash Margin	2,447	3,410	4,522	3,179	Cash Receipts from Customers less Product Manufacturing & Operating Costs
Net Cash Operating Margin	(1,061)	(355)	970	364	Gross Cash Margin less Advertising & Marketing, Staff Costs, and Administration & Corporate Costs

The Company used \$446K in net operating cash during the Quarter, compared to \$274K cash used in the previous quarter. The quieter January month was a significant factor contributing to the higher cash consumption.

Included in net cash used in operating activities is the repayment of certain ATO liabilities (including payment plans) pertaining to prior years, totalling \$701K.

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.

Cash & Unused Facilities at Quarter End

At 31 March 2023 the Company had available cash of \$566K, as well as unused finance facilities available of \$1.2 million, which includes further drawings available under Skill Hire WA's Multi Option Facility with Bankwest.

CFO Resignation & Appointment

Chief Financial Officer Steven Richards has resigned and will finish with The GO2 People on 26 May 2023. The Board thanks Steven for his efforts and wishes him all the best for his future.

The Company has appointed John Fitzgerald as its new Chief Financial Officer. Mr Fitzgerald commenced in the role on 17 April 2023 to enable a smooth transition period of approximately one month from Mr Richards.

John Fitzgerald is a qualified accountant, a Fellow of the Institute of Financial Accountants (UK) and a fellow of the Institute of Public Accountants in Australia. He also has a Graduate Diploma in Business and a Master of Business Administration from Curtin University in WA. He was most recently employed as CFO at SMS Mining Services from 2018, and prior to that role was the Manager Finance & Commercial at Saracen Mineral Holdings Limited from 2012 to 2018.

Related Party Payments During the Quarter

For the purposes of ASX Listing Rule 4.7C.3, payments of \$103K to related parties as disclosed at Item 6 of the Appendix 4C relate to payments to Directors for agreed Directors' salaries, fees and superannuation.

For more information, please contact:

Darren Cooper
Board Chair
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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 Limited

ABN

45 616 199 896

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (nine months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	20,223	64,484
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(17,044)	(53,375)
(c) advertising and marketing	(154)	(462)
(d) leased assets	-	-
(e) staff costs	(1,825)	(6,248)
(f) administration and corporate costs	(836)	(3,421)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(109)	(625)
1.6 Income taxes paid	(205)	(479)
1.7 Government grants and tax incentives	-	-
1.8 Other (Repayment of ATO liabilities)	(496)	(1,683)
1.9 Net cash from / (used in) operating activities	(446)	(1,806)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(155)	(177)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (nine months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(155)	(177)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	189	327
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	445	1,673
3.6	Repayment of borrowings	(90)	(1,166)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Repayment of lease liabilities)	(244)	(794)
3.10	Net cash from / (used in) financing activities	300	39

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	867	2,510
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(446)	(1,806)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(155)	(177)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (nine months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	39
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	566	566

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	566	867
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)	566	867

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	103
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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	2,139*	2,139
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	2,025**	822
7.4	Total financing facilities	4,164	2,961
7.5	Unused financing facilities available at quarter end		1,203
7.6	<p>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> <p>* Debt Factoring Facility 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. A Facility of up to \$15 million has been approved, however this is limited to between 85% and 90% of the Approved Debtors (as defined under the terms of the Facility Agreement) at any point in time.</p> <p>** Multi Option Facility ("MOF") The Skill Hire WA Pty Ltd subsidiary has a \$2.025 million MOF facility with Bankwest which includes a \$1,025,000 overdraft facility. At quarter end \$822,000 has been drawn under this facility.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(446)
8.2	Cash and cash equivalents at quarter end (item 4.6)	566
8.3	Unused finance facilities available at quarter end (item 7.5)	1,203
8.4	Total available funding (item 8.2 + item 8.3)	1,769
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4
	<i>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.</i>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: N/A</p>	

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:27 April 2023.....

Authorised by:The Board.....
(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.