

THE GO2 PEOPLE APPENDIX 4C & QUARTERLY ACTIVITIES REPORT FOR Q4 (JUNE) FY20

Highlights

- Positive cashflow from operations, total cashflow positive for the year ended 30 June 2020.
- GO2 achieved EBITDA positivity for the quarter, resulting in positive EBITDA for the six months Jan – Jun 20.
- EBITDA and cashflow positivity achieved in Q4 indicate sustained progress made by the Company since its restructure in Q1 FY20.
- Priority focus remained on consolidation of the core recruitment and training businesses through positive cashflow and EBITDA improvement.
- Revenue now being generated through Training Division's online training with additional online training being developed.
- Training division positioned to convert potential opportunities from the JobTrainer initiative
- Impacts of COVID-19 seen across the business during the quarter, offset by access to government stimulus.

20th July, 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 June Quarter.

Managing Director, Billy Ferreira: "The Company is pleased to have executed its consolidation strategy following a significant restructure in the first quarter of FY20. Consecutive quarters of EBITDA and cashflow positivity indicate the sustained progress we have made as a business and provides a strong foundation for the continued focus on positive earnings in FY21."



Furthermore, the Company has managed the COVID-19 crisis well, maintaining full delivery capacity and consistent revenues across recruitment and training. We're looking forward to delivering solid financial results in FY21."

Q4 Summary

In the June quarter, the Company dealt with the impacts of COVID-19 and remained focused on the consolidation strategy of its core recruitment and training operations, to round out the FY20 financial strongly. Key elements to execution of the consolidation strategy were EBITDA improvement, cashflow positivity and responsible capital management. The Company is pleased to have shown improvements in all of these areas, indicating sustained progress across the business.

Continuing its focus on profitability over top line growth in FY20, the Group is pleased to report positive EBITDA for the Six Months to 30 June 20.

In addition, the Company has reported positive total cashflows for the full year ended 30 June 2020 of \$322k. Cashflows from operations were also positive for the quarter of \$503k, which has seen the Company produce three consecutive cashflow positive quarters for the first time since listing.

Receipts from customers were \$7.6m, a decrease vs. the March quarter with May and June in particular, impacted by lower labour hire revenues due to the impacts of COVID-19. Whilst the company did not see a significant decline in client orders, changes to rosters and mobilisation delays resulted in a fall in total man hours worked for the quarter (therefore reducing the total hrs to be invoiced). Offsetting this, direct operating costs have also fallen, whilst overhead stabilisation has seen staff costs reduced on the prior quarter and 125% on the June 2019 quarter. As a result, the Company is reporting positive operational cashflows of \$503k for the quarter, increasing the year to date operating cashflow to a positive \$3 million.

It is expected labour hire revenues in Western Australia will increase in the Sept 20 quarter as rosters return to normal and mobilisation to mine sites becomes easier, subsequently leading to additional man hours being worked on a weekly basis.



Pleasingly, during the quarter the Company resolved its claim against its advisors relating to the bad debt incurred when Preston Green Pty Ltd fell into administration in the September Quarter FY20. \$325k was received during the quarter as a final settlement of this matter and is included in Cashflow from Operations the quarter.

The Training Division is now generating revenues from its first online training course and the Company is about to undertake a marketing initiative to increase its sales pipeline. GO2 has also additional online courses that are currently under development which will be released in Q1 FY20.

The building division has now completed its final project and has been able to sell off surplus assets during the quarter providing a \$146k cash injection.

Government incentives through Cashflow boost and Job Keeper (Federal Government) and refunded or delayed payments of payroll tax (various State Governments) have been received during the quarter and included in operational cashflows. With the continuation of these schemes through the September quarter operational spending for September is expected to be in line with the June quarter.

Into FY21 the Recruitment Division expects to see numerous opportunities on the back of tail winds in the mining and infrastructure sectors. The Training Division is developing further online training course which it will generating revenue from. 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.

The Board of Directors are assessing additional growth opportunities available to the Company which fall in line with its FY21 strategy to report meaningful earnings. 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	\$129,103

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 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



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")

June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,636	34,408
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(6,410)	(26,920)
(c) advertising and marketing	(22)	(72)
(d) leased assets	(88)	(332)
(e) staff costs	(707)	(3,140)
(f) administration and corporate costs	(170)	(928)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	-	
1.5 Interest and other costs of finance paid	(61)	(340)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	325	325
1.9 Net cash from / (used in) operating activities	503	3,001



Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	146	261
(d) investments	-	
(e) intellectual property	-	
(f) other non-current assets	-	
2.3 Cash flows from loans to other entities	-	(42)
2.4 Dividends received (see note 3)	-	
2.5 Other (provide details if material)	-	
2.6 Net cash from / (used in) investing activities	146	99

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	392
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	7	7



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(54)
3.5	Proceeds from borrowings	-	248
3.6	Repayment of borrowings	(170)	(3,371)
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	(163)	(2,778)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	775	939
4.2	Net cash from / (used in) operating activities (item 1.9 above)	503	3,001
4.3	Net cash from / (used in) investing activities (item 2.6 above)	146	99
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(163)	(2,778)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,261	1,261



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	1,261	775
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)	1,261	775

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	150
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
	15,335	3,335
	156	156
	-	-
	15,491	3,491

7.5 Unused financing facilities available at quarter end

12,000

- 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.



8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	503
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,261
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

- 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:20 July 2020.....



Authorised by:
Matthew Thomson – CFO and Joint Company Secretary

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.

