

The GO2 People Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	The GO2 People Ltd
ABN:	45 616 199 896
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	192.5%	to	35,937
Loss from ordinary activities after tax attributable to the owners of The GO2 People Ltd	up	2671.7%	to	(2,744)
Loss for the half-year attributable to the owners of The GO2 People Ltd	up	2671.7%	to	(2,744)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$2,744,000 (31 December 2020: \$99,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(2.28)	(2.04)
	Consolidated	
	31 December 2021	31 December 2020
	\$'000	\$'000
Net assets	2,795	4,332
Less: Right-of-use assets	(3,893)	(1,937)
Less: Intangibles	(12,121)	(11,954)
Add: Lease liabilities (Current)	869	1,067
Add: Lease liabilities (Non-current)	3,077	939
	(9,273)	(7,553)
	Number	Number
Total shares issued	406,637,254	370,878,350
	Cents	Cents
Net tangible assets per ordinary security (calculated)	(2.28)	(2.04)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

There were no material associates and joint ventures during the period.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):


The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim report. The review report is an unqualified opinion with a material uncertainty on the use of the going concern assumption.

11. Attachments

Details of attachments (if any):

The Interim report of The GO2 People Ltd for the half-year ended 31 December 2021 is attached.

12. Signed

Signed 

Darren Cooper
Chairman

Date: 27 February 2022

The GO2 People Ltd

ABN 45 616 199 896

Interim report - 31 December 2021

**The GO2 People Ltd
Directors' report
31 December 2021**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of The GO2 People Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of The GO2 People Ltd (Directors) during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Abilio "Billy" Ferreira	Managing Director (resigned 31 August 2021)
Darren Cooper	Independent Non-Executive Chairman
Paul Goldfinch	Executive Director (resigned 31 August 2021)
Robert Stockdale	Non-executive Director
Tony Fitzpatrick	Non-executive Director
Susan Hansen	Independent Non-executive Director (appointed 22 November 2021)
Sophie Ray	Independent Non-executive Director (appointed 22 November 2021)
John Manning	Independent Non-executive Director (appointed 22 November 2021)

Suzie Foreman commenced as Company Secretary of The GO2 People Ltd on 15 October 2021 and continued to hold the position at the end of the reporting period. Peter Torre held the position during the period until his resignation on 31 October 2021.

Principal activities

The principal activities of the Group during the reporting period, were the provision of recruitment, and training services.

The Group provides tailored workforce solutions to a range of industries with a client base that includes a number of national and multi-national blue-chip organisations across the construction, mining, and industrial sectors. The Group is also a nationally Registered Training Organisation (RTO 40927), delivering workplace training and education courses.

The Group also delivers a full suite of blue-collar employment services via its registered training organisation and its apprenticeship and traineeship recruitment and labour hire divisions. Skill Hire delivers both Government funded and fee-for-service workplace training and education in the form of pre-employment programs, traineeships and apprenticeships, and fee-for-service recruitment and labour hire services to a large client base in Western Australia and South Australia

Review of operations

The loss for the Group after providing for income tax amounted to \$2,744,000 (31 December 2020: \$99,000).

Revenue for the Group for the half-year ended 31 December 2021 totaled \$35,937,000 (half-year ended 31 December 2020: \$12,839,000). The increase is a result of including the full six months of trading performance Skill Hire into the GO2 group.

The normalised profit amounted to \$99,000 for the six months to 31 December 2021 excluding the recognition of historical Superannuation Guarantee Contribution liabilities of \$2,643,000 and a \$200,000 increase in amortisation arising from the finalisation of the purchase price allocation determination and resulting allocation of goodwill into intangible assets from the acquisition of the Skill Hire business which concluded in the prior year.

After also taking into account one-off costs of redundancies associated with the GO2 / Skill Hire merger of \$164,000 and the settlement of the VCS unfair preference claim, an adjusted and normalised profit of \$413,000 was achieved for the half year ended 31 December 2021.

The GO2 People Ltd
Directors' report
31 December 2021

The focus during the first half of financial year 2022 has been the integration of the GO2 People, Skill Hire and Hunter Executive businesses, addressing past legacy issues and establishing the foundations across the group for future sustainable growth.

Key elements of the foundation building projects include significant leadership restructures, investment into ISO 45001, 9001 and 27001 accreditations, large scale overhaul of the IT infrastructure and a full review of front-end software solutions within the business.

Further investment has been made into business development and marketing with submissions for renewal of our government contracts and submission for larger contract awards such as the Advanced Traffic Management deal announced to the ASX on 9 February 2022.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

Further to the ASX announcements of 17 August 2021 and 24 December 2021, the Group completed its review and reconciliation of past superannuation payments, and lodged Superannuation Guarantee Charge (SGC) Statements with the Australian Taxation Office (ATO) covering the period from 1 July 2018 to 30 June 2021.

As a result of the review and reconciliation, the Group identified further instances during this period of late superannuation payments. The review gave rise to a self-reported potential further liability in various GO2 Group entities of \$2,655,362. This amount has been included as a current liability in the 31 December 2021 financial statements.

The legislation applies an automatic penalty of 200% where late payments are made and a corresponding SGC statement is not lodged in a timely manner. However, the ATO's draft Practice Statement PSLA2021/D1 provides that 90% of this penalty will be automatically remitted where the taxpayer self-reports. As the total liability could be up to \$5.3 million, it is possible that a further \$0.5 million in penalties, in addition to the \$2.7 million SGC could be levied by the ATO. However, the Group intends to make a submission to the ATO to seek a further reduction to the amount with the possibility of no further liability being levied against the Group. Due to the uncertain nature of this additional penalty amount, the value has not been included in the 31 December 2021 results and has instead been disclosed as a contingent liability.

The Group again emphasises that all employee superannuation was paid, and this is not in dispute. These further amounts now potentially payable are in relation to late payments only - in many cases a matter of one or a few days due to a misinterpretation of the due date definition.

The Group has recently implemented changes in both management and internal processes to ensure that all current and future superannuation payments comply with the relevant legislation.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Group is of a kind referred to in *ASIC Corporation (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

The GO2 People Ltd
Directors' report
31 December 2021

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



27 February 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE GO2 PEOPLE LTD**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck.

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

Alan F. Finnis

A. A. Finnis
Director

Melbourne, 27 February 2022

ACCOUNTANTS & ADVISORS

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The GO2 People Ltd
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General information

The financial statements cover The GO2 People Ltd as a Group consisting of The GO2 People Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is The GO2 People Ltd's functional and presentation currency.

The GO2 People Ltd is an ASX listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 2, 182 St George's Terrace, Perth 6000

Principal place of business

3/271 Berkshire Road, Forrestfield WA 6058

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2022.

The GO2 People Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

		Consolidated	
	Note	31 December 2021	31 December 2020
		\$'000	\$'000
Revenue			
Revenue	4	35,937	12,285
Cost of sales		<u>(24,850)</u>	<u>(10,950)</u>
Gross profit		<u>11,087</u>	<u>1,335</u>
Other income		-	554
Expenses			
Employee benefits expense		(7,241)	(1,372)
Depreciation and amortisation expense		(1,004)	(179)
Selling and marketing expenses		(311)	(34)
Corporate and administration expenses		(2,291)	(278)
ATO Superannuation Guarantee Penalty Expense		<u>(2,643)</u>	<u>-</u>
Total expenses		<u>(13,490)</u>	<u>(1,863)</u>
Operating (loss)/profit		(2,403)	26
Finance costs		<u>(341)</u>	<u>(125)</u>
Loss before income tax expense		(2,744)	(99)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of The GO2 People Ltd		(2,744)	(99)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year attributable to the owners of The GO2 People Ltd		<u><u>(2,744)</u></u>	<u><u>(99)</u></u>
		Cents	Cents
Basic earnings per share	14	(0.71)	(0.07)
Diluted earnings per share	14	(0.71)	(0.07)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The GO2 People Ltd
Consolidated statement of financial position
As at 31 December 2021

		Consolidated	
		31 December	30 June 2021
	Note	2021	2021
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		4,911	1,288
Trade and other receivables		7,444	8,372
Financial assets held at amortised cost		19	5,131
Prepayments and deposits		777	237
Total current assets		<u>13,151</u>	<u>15,028</u>
Non-current assets			
Investments accounted for using the equity method		148	122
Property, plant and equipment		1,223	1,302
Right-of-use assets		3,893	1,937
Intangibles	5	12,121	11,954
Loan to associates		54	54
Total non-current assets		<u>17,439</u>	<u>15,369</u>
Total assets		<u>30,590</u>	<u>30,397</u>
Liabilities			
Current liabilities			
Trade and other payables	6	8,956	8,797
Borrowings		1,760	3,083
Lease liabilities		869	1,067
Income tax		1,826	1,436
Employee benefits		917	1,039
Contingent consideration	12	-	1,207
ATO Penalty	7	3,271	863
Other		681	835
Total current liabilities		<u>18,280</u>	<u>18,327</u>
Non-current liabilities			
Lease liabilities		3,077	939
Employee benefits		153	142
Deferred consideration		3,402	3,250
Other payables	8	2,883	3,407
Total non-current liabilities		<u>9,515</u>	<u>7,738</u>
Total liabilities		<u>27,795</u>	<u>26,065</u>
Net assets		<u>2,795</u>	<u>4,332</u>
Equity			
Issued capital	9	24,602	23,395
Reserves		-	20
Accumulated losses		(21,807)	(19,083)
Total equity		<u>2,795</u>	<u>4,332</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

The GO2 People Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2021

	Issued capital	Reserves	Accumulated losses	Total deficiency in equity
Consolidated	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	16,165	1,689	(17,990)	(136)
Loss after income tax expense for the half-year	-	-	(99)	(99)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(99)	(99)
Exercise of performance rights	75	(75)	-	-
Share issue cost	(3)	-	-	(3)
Balance at 31 December 2020	16,237	1,614	(18,089)	(238)
	Issued capital	Reserves	Accumulated losses	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	23,395	20	(19,083)	4,332
Loss after income tax expense for the half-year	-	-	(2,744)	(2,744)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,744)	(2,744)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued for acquisition of Hunter (net of share issue cost)	1,207	-	-	1,207
Transfer of expired options	-	(20)	20	-
Balance at 31 December 2021	24,602	-	(21,807)	2,795

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

The GO2 People Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2021

	Consolidated	
	31 December 2021	31 December 2020
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	36,738	13,943
Payments to suppliers and employees	(35,927)	(14,041)
Finance costs paid	(303)	(124)
	<u>508</u>	<u>(222)</u>
Net cash from/(used in) operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(129)	-
Proceeds from disposal of property, plant and equipment	69	11
Transfer of financial assets at amortised cost	5,112	-
	<u>5,052</u>	<u>11</u>
Net cash from investing activities		
Cash flows from financing activities		
Payment for costs incurred in issue of share capital	-	(3)
Repayment of borrowings	(1,322)	(274)
Repayment of lease liabilities	(573)	(92)
	<u>(1,895)</u>	<u>(369)</u>
Net cash used in financing activities		
Net increase/(decrease) in cash and cash equivalents	3,665	(580)
Cash and cash equivalents at the beginning of the financial half-year	<u>1,246</u>	<u>1,274</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>4,911</u></u>	<u><u>694</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

These consolidated financial statements are presented in Australian dollars which is the Group's functional currency. The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Going concern

During the period, the Group generated a loss after tax of \$2,744,000 (31 December 2020: \$99,000) is reporting a net working capital deficiency of \$5,129,000 (30 June 2021: \$3,299,000), has earned net cash inflows from operations of \$508,000 (31 December 2020 outflow of \$222,000). As at 31 December 2021, the Group had \$4,911,000 in cash (30 June 2021: \$1,288,000) and consolidated net asset of \$2,795,000 (30 June 2021: net asset of \$4,332,000).

To achieve the Group's objectives, ensure its continuing viability and its ability to continue as a going concern and to meet its debts and commitments as they fall due, the Board of Directors of the Group is continuing to pursue the following strategies:

- The Group expects to continue to keep expenditure to a minimum. The Group will continue to monitor operating costs to identify if further reductions need to be implemented;
- The Group is working with the Australian Taxation Office (ATO) to amend the timing of the payments of any outstanding liabilities due to the ATO which will allow for a significant portion of the current liabilities to be paid later than 12 months from period end.
- GO2's subsidiary, Skill Hire WA Pty Ltd, has secured an exclusive services arrangement with the Advanced Traffic Management group of companies (ATM) for the supply of recruitment, labour hire, traineeship and training services. The contract commenced 4 February 2022, with the initial exclusivity period expiring on 30 June 2023. The contract is estimated to represent approximately \$22 million in the first year's annual revenue from labour hire.
- The Group continues to engage with its working capital partners and the ATO, who may be able to provide additional payment plans and terms in regards to any outstanding balances.

Whilst the Directors are confident that the above initiative will generate sufficient funds to enable the Group to continue as a going concern for at least the period of 12 months from the date of signing this financial report, should that be unsuccessful, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Note 1. Significant accounting policies (continued)

These financial statements do not include any adjustments to the recoverability or classification of recorded asset accounts or to the classification of liabilities, which might be necessary should the Group not be able to continue as a going concern.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

Liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation and judgement for ATO penalty liabilities

The liability for the ATO SGC penalty requires a degree of estimation and judgement. There are uncertainties in relation to the application of the legislation to remit the 90% portion of the penalty as well as the uncertainty around possibility of a full remittance. Management considered past decisions by the ATO in relation to self-reported infringement penalties.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments

The Directors and management have determined that the Group operates in a single operating segment being the provision of labour hire, recruitment and training services in Australia.

This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Note 4. Revenue

	Consolidated	
	31 December 2021	31 December 2020
	\$'000	\$'000
Recruitment income	21,521	11,927
Apprentice income	7,423	292
Job Ready income	4,517	-
Other revenue	42	66
Training income	2,434	-
	<u>35,937</u>	<u>12,285</u>

The Group's revenue is recognised over time.

	Consolidated	
	31 December 2021	31 December 2020
	\$'000	\$'000
Timing of revenue recognition		
Labour hire and training services provided over time	35,930	12,219
Building services transferred over time	7	66
	<u>35,937</u>	<u>12,285</u>

Note 5. Non-current assets - intangibles

	Consolidated	
	31 December 2021	30 June 2021
	\$'000	\$'000
Goodwill - at cost	7,294	11,748
Intellectual property - at cost	1,088	1,088
Less: Accumulated amortisation	(939)	(882)
	149	206
Brand assets- at cost	1,470	-
Customer contracts - at cost	2,822	-
Less: Accumulated amortisation	(141)	-
	2,681	-
Software - at cost	586	-
Less: Accumulated amortisation	(59)	-
	527	-
	12,121	11,954

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Intellectual property	Brands assets	Customer contracts	Software	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	11,748	206	-	-	-	11,954
Additions through business combinations (note 12)	424	-	-	-	-	424
Transfers in/(out)	(4,878)	-	1,470	2,822	586	-
Amortisation expense	-	(57)	-	(141)	(59)	(257)
Balance at 31 December 2021	7,294	149	1,470	2,681	527	12,121

During the period the Group finalised the assessment relating to the allocation of goodwill arising from the acquisition of the Skill Hire Group of companies into the relevant assets. Fair values were allocated to both intangible assets with a finite life and intangibles with indefinite life, resulting in amortisation in the intangibles with finite life.

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2021
	2021	2021
	\$'000	\$'000
Trade payables	949	660
Accrued payroll liabilities	568	1,337
Superannuation payable	513	1,121
Payroll tax payable	708	574
ATO payables (GST/PAYG/FBT)	4,727	3,156
ATO payment plan	1,048	1,048
Other payables	443	901
	<u>8,956</u>	<u>8,797</u>

ATO payment plan

In prior periods Skill Hire Australia Pty Ltd (GO2's wholly owned subsidiary) entered into a payment plan with the Australian Tax Office in order to repay outstanding income tax balances of \$5,241,000. The payment plan required a monthly payment of \$87,000 with the last payment being on the 7th November 2025. This balance was acquired as part of the business combination in the prior year. \$1,048,000 has been recorded as a current liability.

Note 7. Current liabilities - ATO Penalty

	Consolidated	
	31 December	30 June 2021
	2021	2021
	\$'000	\$'000
ATO Penalty	<u>3,271</u>	<u>863</u>

This relates to the Superannuation Guarantee charge in relation to the late payment of superannuation. Refer to note 13 for more information.

Note 8. Non-current liabilities - Other payables

	Consolidated	
	31 December	30 June 2021
	2021	2021
	\$'000	\$'000
Other payables - Tax liabilities	<u>2,883</u>	<u>3,407</u>

This balance represents the non-current portion of the liability to the Australian Tax Office. Refer to note 6 for further information about the payment plan.

Note 9. Equity - issued capital

	Consolidated			
	31 December	30 June 2021	31 December	30 June 2021
	2021	2021	2021	2021
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>406,637,254</u>	<u>370,878,350</u>	<u>24,602</u>	<u>23,395</u>

Note 9. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	370,878,350		23,395
Shares issued as contingent consideration for Hunter Executives acquisition	29 September 2021	<u>35,758,904</u>	\$0.03	<u>1,207</u>
Balance	31 December 2021	<u><u>406,637,254</u></u>		<u><u>24,602</u></u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy is entitled to a vote for every share held, when a poll is called.

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Contingent liabilities

As noted in note 13 the Group identified instances over the period 1 July 2018 to 30 June 2021 where superannuation guarantee payments in GO2 entities were paid late. As at the date of this report the exact outcome is uncertain and the total penalty could be recorded somewhere between \$nil and \$5.3 million. The penalty for late payments have not been recognised as a provision because it has yet to be confirmed whether the Group has a present obligation that could lead to an outflow of resources embodying economic benefits as described in note 13.

Note 12. Business combinations

Skill Hire Australia Pty Ltd

On the 31st of May 2021 the Group acquired 100% of the ordinary shares in Skill Hire Australia Pty Ltd (Skill Hire). At 30 June 2021 the allocation of the fair value to goodwill was made on a provisional basis. Subsequent to 30 June 2021 tax liabilities amounting to \$424,000 that were previously not recognised in the books of NARA (a subsidiary of Skill Hire) were identified and this change increased the fair value of goodwill as it related to pre-acquisition liabilities.

Refer to note 5 for the breakdown of goodwill allocated to the individual intangible assets.

Hunter Executive Pty Ltd

Note that there has been no change to the Hunter Executive Pty Ltd business combination from the annual report as at 30 June 2021. The deferred consideration shares that were part of the acquisition were issued on 29 September 2021. Refer to note 9 for additional information.

Note 13. Events after the reporting period

Further to the ASX announcements of 17 August 2021 and 24 December 2021, the Group completed its review and reconciliation of past superannuation payments, and lodged Superannuation Guarantee Charge (SGC) Statements with the Australian Taxation Office (ATO) covering the period from 1 July 2018 to 30 June 2021.

As a result of the review and reconciliation, the Group identified further instances during this period of late superannuation payments. The review gave rise to a self-reported potential further liability in various GO2 Group entities of \$2,655,362. This amount has been included as a current liability in the 31 December 2021 financial statements.

Note 13. Events after the reporting period (continued)

The legislation applies an automatic penalty of 200% where late payments are made and a corresponding SGC statement is not lodged in a timely manner. However, the ATO's draft Practice Statement PSLA2021/D1 provides that 90% of this penalty will be automatically remitted where the taxpayer self-reports. As the total liability could be up to \$5.3 million, it is possible that a further \$0.5 million in penalties, in addition to the \$2.7 million SGC could be levied by the ATO. However, the Group intends to make a submission to the ATO to seek a further reduction to the amount with the possibility of no further liability being levied against the Group. Due to the uncertain nature of this additional penalty amount, the value has not been included in the 31 December 2021 results and has instead been disclosed as a contingent liability.

The Group again emphasises that all employee superannuation was paid, and this is not in dispute. These further amounts now potentially payable are in relation to late payments only - in many cases a matter of one or a few days due to a misinterpretation of the due date definition.

The Group has recently implemented changes in both management and internal processes to ensure that all current and future superannuation payments comply with the relevant legislation.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 14. Earnings per share

	Consolidated	
	31 December 2021	31 December 2020
	\$'000	\$'000
Loss after income tax attributable to the owners of The GO2 People Ltd	(2,744)	(99)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	389,050,908	147,689,618
Weighted average number of ordinary shares used in calculating diluted earnings per share	389,050,908	147,689,618
	Cents	Cents
Basic earnings per share	(0.71)	(0.07)
Diluted earnings per share	(0.71)	(0.07)

The GO2 People Ltd
Directors' declaration
31 December 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company and its subsidiaries will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



27 February 2022

The GO2 People Ltd

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of The GO2 People Ltd (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The GO2 People Ltd is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the half-year financial report which indicates that the Group incurred a net loss before income tax of \$2,744,000 and is in a net working capital deficiency of \$5,129,000. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

ACCOUNTANTS & ADVISORS

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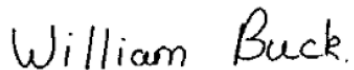
Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

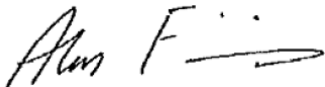
Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136



A. A. Finnis
Director
Melbourne, 27 February 2022