

## Appendix 4C: Operations Update & Quarterly Cashflow Report Quarter Ended 30 September 2022

The Go2 People Ltd (ASX:GO2) ("**GO2**" or the "**Company**") is pleased to release its Operations Update and quarterly 4C Cashflow Report for Q1 FY2023 (**Quarter**).

### Operations Update

The business enjoyed continued momentum across its various service offerings in the Quarter with another record quarter of cash receipts from customers at \$21.63 million, equating to an annualised run rate of \$86.5 million. This has grown from an annualised run rate of \$77.5 million in Q1 FY2022 – the first full quarter of revenue incorporating both Hunter Executive and Skill Hire, and whilst Skill Hire at the time still had the benefit of significant government contracts.

#### Recruitment Division

The recruitment division performed strongly, with significant momentum building towards the back end of the Quarter. Pleasingly this momentum is being achieved across all of recruitment's three operating states of Western Australia, South Australia and Queensland.

A significant highlight in the Quarter was the renegotiation of terms with our key construction & mining client in Queensland, with Recruitment securing a new 4-year term on significantly improved margins. In addition, supply of labour hire also commenced on a large road infrastructure project in the South-West of Western Australia, with additional opportunities expected for training and other services.

#### Traffic Management Division

The Advanced Traffic Management contract revenue reached our targeted \$22 million per annum run rate (*refer ASX announcement 9 February 2022*) towards the end of September. The Traffic Management division is expected to continue growing strongly into the busy Christmas / New Year period, with several additional orders already in hand.

### Workforce Development Division

During the Quarter, the group's Workforce Development Division started servicing its new contracts for the Federal Government's Department of Employment and Workforce Relations (DEWR). Transition to Work, Career Transition Assistance and Employability Skills Training contracts commenced on 1 July 2022, with the bedding down of new teams and contracts during the Quarter across regional Western Australia. Already DEWR is starting to undertake rationalisation among providers as some struggle to perform to the levels outlined in their tender submissions, and GO2 remains poised and ready to win additional work as a result.

### Apprentices & Training Division

Unfortunately, strong demand in both our Apprentice and Training businesses did not translate to improved results this Quarter. The number of Apprentices on-hired through our Group Training Organisation remained static in the Quarter, and challenges in securing sufficient Training resources hindered our ability to capitalise on demand. However, improved weather conditions in WA in the current quarter will support increased billable hours for our Apprentices, and pleasingly we have now secured an additional 3 trainers who started throughout October which positions us well for improved results across both divisions going forward.

### White Collar Recruitment Division

Hunter Executive continued to perform well in the Quarter, and in late September secured a significant opportunity with a large Federal Government Department for Executive Search and Board recruitment. This significant win will now underpin Hunter's national growth and expansion, which will have a positive impact on revenue and margins.

### Overall Commentary

Whilst significant progress and new client wins were achieved in the Quarter which have started flowing into revenue and cash collections, the group remains focused on overall margin improvement, the generation of EBITDA and a strong positive cashflow. The client wins and margin improvements outlined above are expected to start flowing into improved operating results in Q2 FY2023, and the group is working on a number of other significant initiatives which, if successful, will also contribute materially to revenue, margins, EBITDA and cashflow.

### **Cashflow Update**

The Company used \$1.1 million in net operating cash during the Quarter, compared to \$1.4 million in Q4 FY2022. The decrease in cash consumed is a result of continued revenue growth and improved cash margins, and more than offset the \$279k of ATO liabilities repaid during the Quarter. Cash flows from operating activities are expected to continue to improve in future quarters as the various client wins and margin improvements outlined in the Operations Update flow through.

The net cash generated from financing activities for the Quarter, in the amount of \$384k, is predominantly related to the net drawdown in the Company's ScotPac debtor financing facility of \$624k – offset by \$240k spent on the repayment of lease liabilities (down from \$389k spent the previous quarter).

At 30 September 2022 the Company had available cash of \$1.79 million, as well as unused finance facilities available of \$2.34 million, which includes further drawings available under the ScotPac facility mentioned above, and a Multi Option Facility with Bankwest.

The Appendix 4C accompanies this announcement.

### **ATO Liabilities**

On 2 September 2022, the Company advised that approval had been granted for Skill Hire's FY21 Income Tax liability of \$1.53 million, with payments over 24 months and subject to General Interest Charge (early repayment of this plan will result in an associated savings in General Interest Charge at 8% p.a.).

The Group is awaiting the ATO's approval to the longer-term plans it has submitted for the two GO2 labour hire entities (GO2 Recruitment Trust and GO2 People Australia Pty Ltd). The ATO has not requested any further information and our proposals are now within the ATO's 28-day decision period, with decisions expected imminently.

### **Corporate**

During the Quarter 35,758,904 GO2 Fully paid ordinary shares were released from voluntary escrow. The shares are currently quoted and were issued as part consideration for the acquisition of Hunter Executive Search Consultants Pty Ltd, which was completed in September 2021. The two holders of these shares remain the Company's equal fourth largest shareholders.

The Company has 406,638,254 fully paid ordinary shares on issue at 30 September 2022, of which 97,219,834 remain in voluntary escrow and are held by vendors of the Skill Hire business.

### **Related Parties Payments During the Quarter**

For the purposes of ASX Listing Rule 4.7C.3, payments of \$139k to related parties as disclosed at Item 6 of the Appendix 4C relate to payments to Directors for agreed Directors' salaries, fees and superannuation.



## **Board Chair Commentary**

GO2 Board Chair Darren Cooper said:

*"Once again, we have had another quarter of pleasing progress, with continued revenue growth translating into record cash receipts, and the retention of our main labour hire client in Queensland on a fresh 4-year term and with significantly improved margins being particularly notable. That margin improvement, along with a number of other recently renegotiated client terms, will start to flow into the numbers in the December quarter.*

*The number and scale of new client wins in the quarter is very positive, and our 'multiple service offering model' is now demonstrating proof-of-concept in broadening client relationships across our various business units and improving blended margins. As reported last quarter, we take great encouragement from the structural tailwinds the business is experiencing, as all industries continue to scramble to recruit, up-skill and retain their workforces.*

*We believe that approval of our final two ATO payment plan proposals is imminent, and we remain positive about the prospects of the group's liabilities being discharged over time with the ATO's support of extended arrangements."*

## **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](http://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")**

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (three months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	21,628	21,628
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(18,219)	(18,219)
(c) advertising and marketing	(136)	(136)
(d) leased assets	-	-
(e) staff costs	(2,005)	(2,005)
(f) administration and corporate costs	(1,624)	(1,624)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(347)	(347)
1.6 Income taxes paid	(105)	(105)
1.7 Government grants and tax incentives	-	-
1.8 Other (Repayment of ATO liabilities)	(279)	(279)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,085)</b>	<b>(1,085)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(23)	(23)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (three 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(23)</b>	<b>(23)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	1,109	1,109
3.6	Repayment of borrowings	(485)	(485)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Repayment of lease liabilities)	(240)	(240)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>384</b>	<b>384</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,510	2,510
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,085)	(1,085)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23)	(23)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (three months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	384	384
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,786</b>	<b>1,786</b>

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	1,786	2,510
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,786</b>	<b>2,510</b>

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	139
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>		



<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	3,118*	2,114
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	2,025	687
7.4	<b>Total financing facilities</b>	<b>5,143</b>	<b>2,801</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>2,342</b>
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><b>*Debt Factoring Facility</b></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 30 September 2022 trade debtors for the entities subject to the Debtors Funding Facility totalled approximately \$3.9 million, of which the draw down limitations apply, as outlined above.</p> <p><b>Multi Option Facility ("MOF")</b></p> <p>The Skill Hire WA Pty Ltd subsidiary also has a \$2.025 million MOF facility with Bankwest which includes a \$1,025,000 overdraft facility. At quarter end \$687,000 has been drawn under this facility.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,085)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,786
8.3	Unused finance facilities available at quarter end (item 7.5)	2,342
8.4	Total available funding (item 8.2 + item 8.3)	4,128
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>3.8</b>
	<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	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: .....28 October 2022.....

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.