



# Financial Report

For the half year  
ended 31 Dec 2020

## The GO2 People Ltd

ACN 616 199 896

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CONDENSED FINANCIAL STATEMENTS FOR HALF YEAR ENDED 31 DECEMBER 2020

The interim financial report is to be read in conjunction with the financial report for the year ended 30 June 2020 and public announcements made for the period to 31 December 2020.

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# Chairman's Address

# 01

# Chairman's Address

To Our Shareholders,

I am pleased to advise that the 2021 Financial Year has started positively for The GO2 People Ltd.

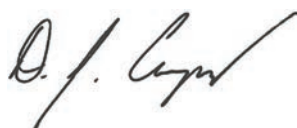
In my last letter in the 2020 Annual Report, I wrote about 2020 having been a year of rebuilding and transformation. That has laid a foundation for future growth, and shareholders will note the first half of the 2021 financial year sees us report positive EBITDA off the back of stronger margins.

Whilst closed borders present a challenge in sourcing suitable labour hire candidates, the structural tailwinds of a strong mining sector and a large number of significant government infrastructure projects sees us positive about the prospects for the underlying business.

The second half of this financial year will be exciting, as we expect the Annual General Meeting on 10 March 2021 to approve the final steps in the Hunter Executive acquisition. Notwithstanding that this acquisition has not yet finalised, the GO2 Board and Executives have already been working closely with the key Hunter executives on a number of exciting initiatives which we expect will demonstrate and capitalise on the synergies we see in having an executive search and recruitment function as part of the group.

We also continue to explore further merger & acquisition opportunities which meet our three key criteria of clear strategic & operational synergies, positive EBITDA, and an aligned corporate culture. Ideally, our aim is to also preference transactions which can be completed without requiring a capital raise component.

On behalf of the Board, I once again extend my thanks to Shareholders for their support, and we look forward to bringing you further news as we capitalise on the exciting range of opportunities we see in the year ahead.



**Darren Cooper**

**Independent Non-Executive Chairman - The GO2 People Ltd**



# Company Overview

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# Corporate Directory

### Directors

**Darren Cooper**  
Independent Non-Executive Chairman

**Abilio “Billy” Ferreira**  
Managing Director

**Paul Goldfinch**  
Executive Director

### Company Secretaries

Peter Torre, Matthew Thomson

### Registered Office

1 / 161 Great Eastern Highway  
Rivervale WA 6103

**Phone** 08 6151 9200

### Auditor

William Buck Audit (Vic) Pty Ltd  
Level 20, 181 William Street,  
MELBOURNE VIC 3000

### Australian Securities Exchange

**ASX Code Ordinary Shares:** GO2

### Website

[www.thego2people.com.au](http://www.thego2people.com.au)

### Share Registry

Computershare Investor Services Pty Limited  
Level 11, 172 St George’s Terrace,  
PERTH WA 6000

**Phone** 1300 557 010

# Corporate Structure



# The GO2 People Ltd

## What We Do

The GO2 People is a leading provider of Recruitment and Training services to industry throughout Australia. Our day to day operations are underpinned by strong core values and an ethical approach to business principles which drive innovation, collaboration and an ongoing commitment to continuous improvement.

## Recruitment

The company's Recruitment Division provides tailored staffing solutions to a range of industries with a client base that includes national and multinational blue-chip organisations across the construction, resources and industrial sectors. The Recruitment Division delivers two specialist services, labour hire and professional recruitment.

### Industries GO2 provides services to include:

- Major Infrastructure
- Construction
- Mining/Resources
- Electrical/Energy
- Warehousing/Logistics
- Waste Management

## Training

GO2 Skills and Training Pty Ltd is a national Registered Training Organisation (RTO 40927), delivering accredited and non-accredited workplace training and education to industry throughout Australia.



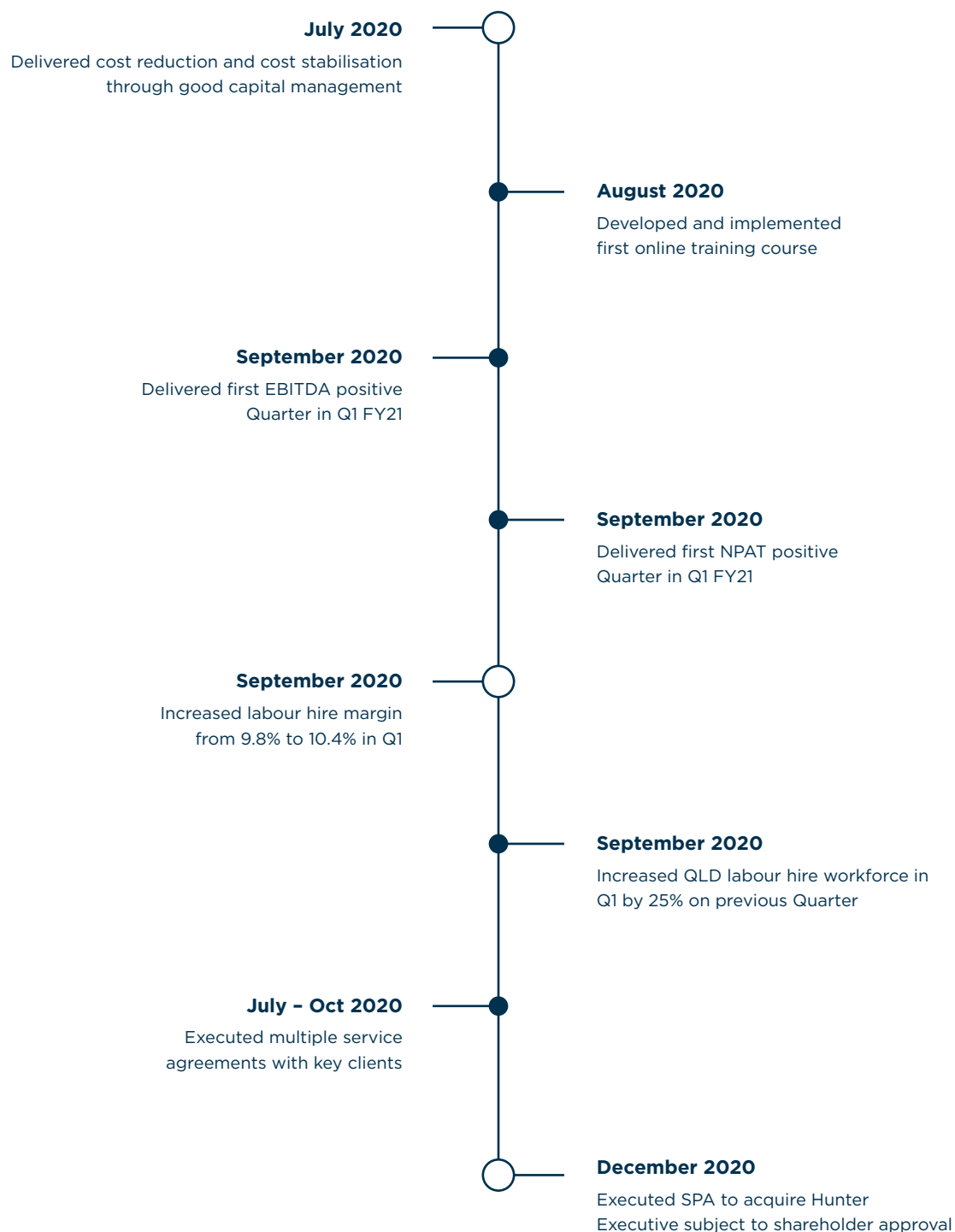


# H1 FY21 Highlights

# 03

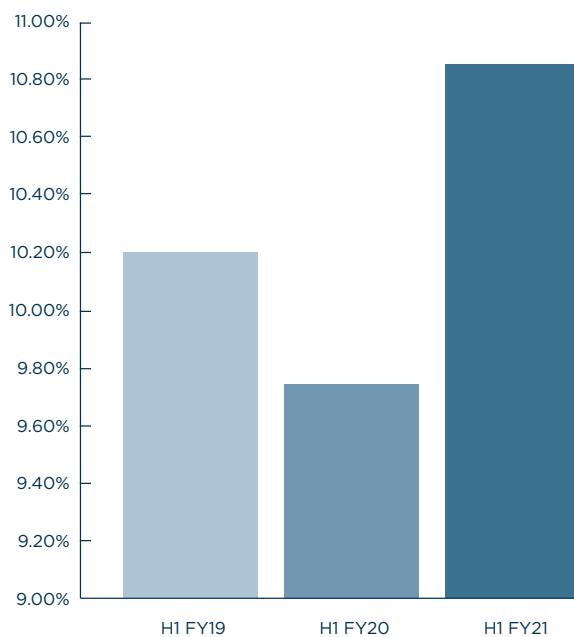


# Operational Highlights

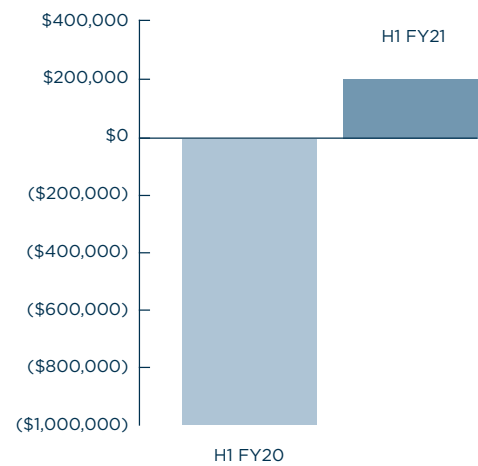


# Financial Highlights

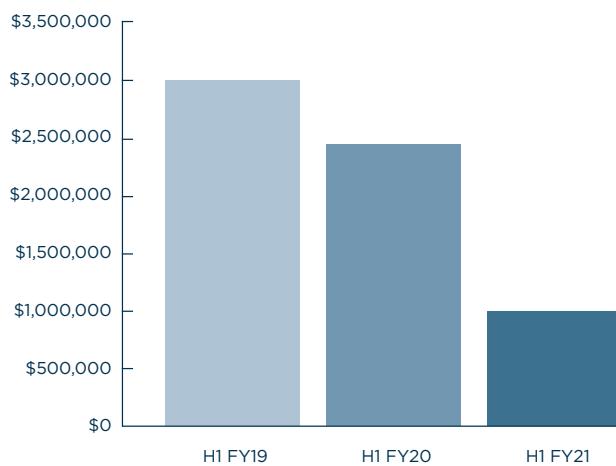
### Recruitment margin



### H1 FY21 EBITDA



### Annual operating cost reduction FY19-FY21

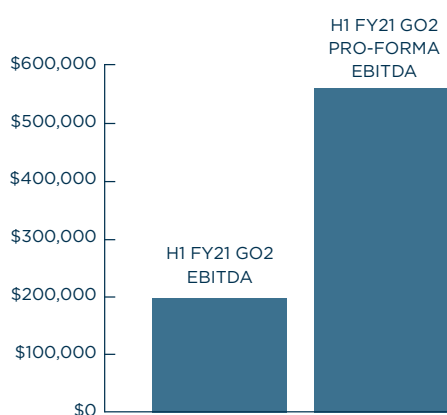




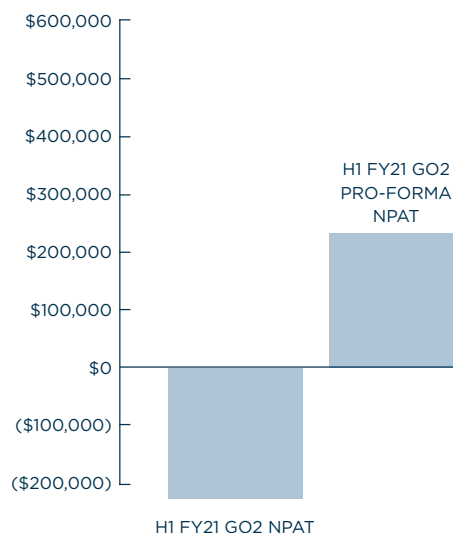
# H1 FY21 Pro-Forma Financials

The following Pro-Forma Financial Information represents a hypothetical scenario combining the audited results of GO2 and the unaudited results of Hunter Executive for the 6 month period ended 31 December 2020. The acquisition of Hunter remains subject to shareholder approval and the results of Hunter will only form part of the GO2 Group from the date of acquisition, and will not include the results disclosed below. The Pro-Forma Financial Information only represents what would have been achieved had Hunter been a part of the GO2 Group from 1 July 2020.

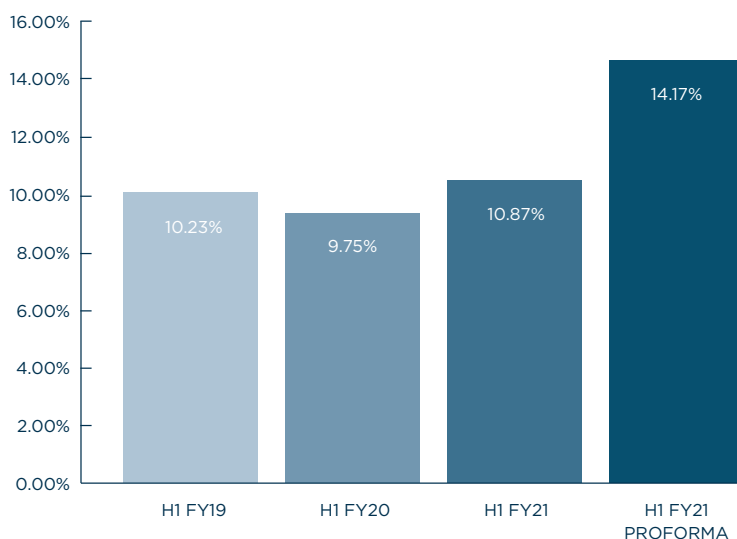
### H1 FY21 Pro-Forma EBITDA



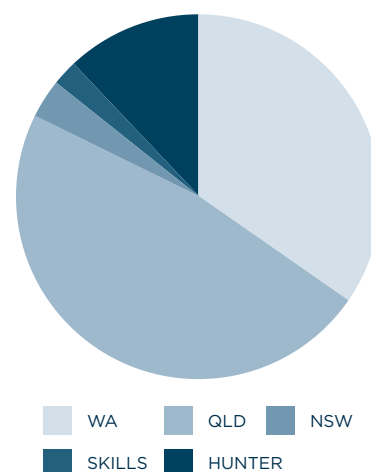
### H1 FY21 Pro-Forma NPAT



### Recruitment margin



### GO2 Pro-forma Revenue Contribution Dec 2020



# Directors' Report

# 04



# Directors' Report

The Directors' are pleased to present their report on the consolidated entity (referred to herein as "the Group") consisting of The GO2 People Ltd ("the Company") and its controlled entities for the half year ended 31 December 2020.

## Director and Company Secretary Details

The following persons were directors of The GO2 People Ltd during or since the end of the reporting period, up to the date of this report:

Mr. Abilio "Billy" Ferreira	Managing Director
Mr. Darren Cooper	Independent Non-Executive Chairman
Mr. Paul Goldfinch	Executive Director

The following persons held the position of joint Company Secretary of The GO2 People Ltd at the end of the reporting period:

Matthew Thomson  
Peter Torre

## Principal Activities

The principal activities of the Group during the reporting period, were the provision of Recruitment and Training Services. The Group's Recruitment Division 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's Training Division is a nationally Registered Training Organisation (RTO 40927), delivering workplace training and education courses.

## Review of Operations

In the Half Year ended 31 December 2020 the Company continued the momentum developed in FY20, showing continued improvement in its financial performance by delivering positive EBITDA in H1 FY21. Additionally, the Company recorded a minor loss after tax of \$99k for the Half Year ended 31 December 2020, a significant turnaround from a loss of \$1.5m for the same period the previous year.

Revenue for the Half was \$12.2m, marginally lower than the corresponding period in FY20, however the continued focus on profitability over top line growth, through high quality service of key clients and operational efficiencies in its recruitment processes, has seen the Company's Half Year margin increase to 10.87%.

In Recruitment, Queensland's average workforce numbers have remained stable since a 25% increase in the June 2020 quarter. A number of large infrastructure projects are now the core focus as the Queensland State Government looks to stimulate economic activity and job creation in the State. This is expected to provide the platform for workforce growth in H2 FY21. In Western Australia, a significant number of job orders from key clients in the mining sector indicates the ongoing requirement for new workers across multiple large scale projects. Several large infrastructure projects will also commence in the coming months and are expected to create additional labour demand in the Company's key operating sectors.

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

The Training Division is now generating regular revenue from online training and the Company has engaged external digital marketing expertise to deliver marketing initiatives aimed at increasing its consumer sales for online training. In addition to the ongoing development of online training courses, GO2 continues to build out its training scope and take advantage of the operational synergies that exist between the recruitment and training divisions.

Overheads remained stable over the Half Year with under \$200k per month incurred in staff and admin costs. This represents a 50% reduction on the average monthly cost base for the period to 31 December 2020 vs the previous Half Year.

**The EBITDA from operations for the half year was as follows:**

	6 MONTHS 31 DEC 2020 (\$)	6 MONTHS 31 DEC 2019 (\$)
<b>Loss for the half year</b>	<b>(99,145)</b>	<b>(1,503,886)</b>
Add Back Depreciation and Finance Costs	303,481	470,821
Non-Cash Option and Rights expense	-	16,434
<b>EBITDA</b>	<b>204,336</b>	<b>(1,016,631)</b>

**The revenue from operations for the half year was as follows:**

REVENUE	6 MONTHS 31 DEC 2020 (\$)	6 MONTHS 31 DEC 2019 (\$)
From labour hire services	11,926,861	14,036,719
From building services	66,020	699,215
From skills and training services	292,425	306,270
Other	-	29,909
	<b>12,285,306</b>	<b>15,072,113</b>

The Recruitment Division's revenue contracted for the 1st Half 2021 vs the 1st Half 2020, as the Company focused on key customers and relationships, along with the downscaling and closure of the Building Division. Initial restructuring of the operations contributed to a drop in revenue as did the pivot towards EBITDA improvement over top line growth.

As previously mentioned, the Training Division provided revenue from online training and, importantly, high level leadership training to its client's future leader groups. This particular leadership program has assisted to create opportunities for additional GO2 service offerings whilst allowing the Company to embed itself with several key clients. A higher margin business, it is expected training will assist with overall margin growth as it continues to scale up.

The recently announced acquisition of Hunter Executive Consultants, a high margin synergistic recruitment business, will provide additional revenues and margin in the second half of FY21, with significant cross-sell opportunities already presenting as the two businesses develop and implement its integration strategy.



## Tax Losses

Deferred tax assets relating to unused tax losses of \$8,954,097 (DTA \$2,328,506 @ 26%) have not been recognised as at 31 December 2020. The losses have not been brought to account as it is not probable that they will be recovered in the next 12 months. However it is expected over the longer term these losses have value and will be utilised by the Group.

## Significant Changes in State of Affairs

There has been no significant changes in the state of affairs of the Group during or since the end of the reporting period, and up to the date of this report.

## Matters Arising since the end of the reporting period

Post the end of the financial half year holders of the 4c Options received as part of the entitlement issue in November 2019 exercised 3,323,639 options, which were allotted and converted to fully paid ordinary shares on 08 February 2021. Total cash raised was \$132,945.

The Group also announced the acquisition of Hunter Executive Search Consultants Pty Ltd, subject to shareholder approval at a General Meeting of Shareholders to be held on 10 March 2021.

Hunter Executive Search Consultants Pty Ltd ("Hunter") is a leading Australian recruitment company specialising in permanent and contract placements for the Executive, Engineering, Resources, Environment and Water industries. Founded in 2013 by Directors Ben Oakley and Gregor McNally, it is a highly regarded business that maintains successful, long term relationships with many of Australia's leading companies. Like GO2, Hunter has a strong ethos on working ethically, honestly and responsibly to provide its clients and candidates with a service that is second to none.

The GO2 and Hunter businesses are highly synergistic, and the acquisition represents significant cross-sell opportunities into the respective clients and key operating sectors which are expected to drive organic growth within the Group. GO2 will continue to focus on blue collar labour hire whilst Hunter will complement this with the introduction of their white collar permanent and contract recruitment service which will see the Company offer a full suite of recruitment services.

Further the Group announced on 15 February 2021 the litigation brought on with respect to an unfair preference claim by the liquidators of VCS Civil and Mining Pty Ltd ("VCS") (in liquidation) VCS. The claimed specified is \$510,375.81 being the sum of a series of payments received during the period August 2017 to December 2017. The Group is confident with its position and will vigorously defend the claim.

## Dividends

No dividends were paid or declared during the half year.

## Options

At 31 December 2020, the unissued ordinary shares of The GO2 People Ltd under option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER OF OPTIONS
21 June 2017	21 June 2021	\$0.225	2,500,000
21 June 2017	21 June 2021	\$0.30	5,000,000
21 June 2017	21 June 2021	\$0.40	7,500,000
29 November 2018	17 December 2021	\$0.30	1,750,000
29 November 2019	29 January 2021	\$0.04	9,025,497
			<b>25,775,497</b>

Option holders do not have any rights to participate in any issues of shares or other interests in the Group or the Company or any other entity. There have been no options granted since the end of the reporting period. There has also been no exercise of options during the financial period or up to the date of this report.

Post 31 December 2020, 3,323,639 options exercisable at \$0.04 were exercised before the expiry date with the balance forfeited.

### **Proceedings on behalf of the Group**

No person is bringing proceedings on behalf of the Group.

### **Auditors Independence**

The auditor's William Buck Audit (Vic) Pty Ltd independence declaration for the half year ended 31 December 2020 has been received and is attached to this Directors' Report.

This Directors' Report is signed in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'D. J. Cooper', is written over a light blue horizontal line.

**Darren Cooper**

**Director - The GO2 People Ltd**

**25 February 2021**



# Auditors Independence Declaration

# 05



**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 2020 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, 25 February 2021

**ACCOUNTANTS & ADVISORS**

Level 20, 181 William Street  
Melbourne VIC 3000  
Telephone: +61 3 9824 8555  
**williambuck.com**

# Condensed Financial Statements

# 06



# Condensed Financial Statements

## CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	NOTE	31 DEC 2020 (\$)	31 DEC 2019 (\$)
Revenue	3	12,285,306	15,072,113
Cost of sales /services		(10,950,108)	(13,227,447)
<b>GROSS PROFIT</b>		<b>1,335,198</b>	<b>1,844,666</b>
Other income	4	554,170	58,113
Selling and marketing expenses		(33,632)	(38,866)
Employee benefits expense		(1,371,801)	(1,895,171)
Corporate and administration expenses		(348,951)	(511,282)
Write back / (impairment) of trade receivables		49,010	(490,525)
Share of profit of associates using equity method		20,342	-
<b>PROFIT / (LOSS) BEFORE FINANCE COSTS, DEPRECIATION AND INCOME TAX</b>		<b>204,336</b>	<b>(1,033,065)</b>
Finance costs		(124,524)	(199,225)
Depreciation and amortisation expenses		(178,952)	(271,596)
<b>LOSS BEFORE INCOME TAX</b>		<b>(99,140)</b>	<b>(1,503,886)</b>
Income tax benefit / (expense)		-	-
<b>LOSS FOR THE HALF YEAR</b>		<b>(99,140)</b>	<b>(1,503,886)</b>
Other comprehensive loss, net of tax		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR</b>		<b>(99,140)</b>	<b>(1,503,886)</b>
<b>LOSS PER SHARE</b>			
Basic / loss per share	5(D)	0.0007	0.01
Diluted / loss per share	5(D)	0.0007	0.01

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	NOTE	31 DEC 2020 (\$)	30 JUN 2020 (\$)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		672,120	1,274,113
Trade and other receivables		4,367,899	4,484,131
Other assets		723,335	391,655
Other financial assets		69,867	156,843
Assets held of sale		-	79,136
<b>TOTAL CURRENT ASSETS</b>		<b>5,833,221</b>	<b>6,385,878</b>
<b>Non-Current Assets</b>			
Plant and equipment		81,780	95,606
Right-of-use assets		356,360	473,647
Investments accounted for using equity method		125,931	105,589
Intangible assets		481,519	481,519
Loans to associates		49,296	48,546
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,094,886</b>	<b>1,204,907</b>
<b>TOTAL ASSETS</b>		<b>6,928,107</b>	<b>7,590,785</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		3,294,429	3,893,981
Employee Benefits		216,765	259,898
Lease liability		239,494	345,801
Borrowings		3,254,698	3,138,405
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,005,386</b>	<b>7,638,085</b>
<b>Non-Current Liabilities</b>			
Trade and other payables		140,920	-
Lease liability		19,974	89,096
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>160,894</b>	<b>89,096</b>
<b>TOTAL LIABILITIES</b>		<b>7,166,280</b>	<b>7,727,181</b>
<b>NET LIABILITIES</b>		<b>(238,173)</b>	<b>(136,396)</b>
<b>EQUITY</b>			
Issued capital	5(A)	16,237,007	16,164,644
Reserves		1,614,019	1,689,019
Accumulated losses		(18,089,199)	(17,990,059)
<b>TOTAL DEFICIENCY</b>		<b>(238,173)</b>	<b>(136,396)</b>

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

## CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	NOTE	ISSUED CAPITAL (\$)	ACCUMULATED LOSSES (\$)	SHARE BASED PAYMENTS RESERVE (\$)	TOTAL EQUITY FOR HALF YEAR ENDED 31 DECEMBER 2020 (\$)
<b>AT 1 JULY 2020</b>		<b>16,164,644</b>	<b>(17,990,059)</b>	<b>1,689,019</b>	<b>(136,396)</b>
Loss for the half year		-	(99,140)	-	<b>(99,140)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		-	(99,140)	-	<b>(99,140)</b>
<b>TRANSACTION WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Exercise of performance rights	5(c)	75,000	-	(75,000)	-
Share issue costs		(2,637)	-	-	<b>(2,637)</b>
<b>AT 31 DECEMBER 2020</b>		<b>16,237,007</b>	<b>(18,089,149)</b>	<b>1,614,019</b>	<b>(238,173)</b>
		ISSUED CAPITAL (\$)	ACCUMULATED LOSSES (\$)	SHARE BASED PAYMENTS RESERVE (\$)	TOTAL EQUITY FOR HALF YEAR ENDED 31 DECEMBER 2019 (\$)
<b>AT 1 JULY 2019</b>		<b>15,858,288</b>	<b>(16,112,206)</b>	<b>1,608,300</b>	<b>1,354,382</b>
Adjustment for change in accounting policy (lease accounting standard)		-	(27,165)	-	<b>(27,165)</b>
<b>RESTATED OPENING BALANCE</b>		<b>15,858,288</b>	<b>(16,139,371)</b>	<b>1,608,300</b>	<b>1,327,217</b>
Loss for the half year		-	(1,503,886)	-	<b>(1,503,886)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>			(1,503,886)		<b>(1,503,886)</b>
<b>TRANSACTION WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Issue of shares		288,815	-	-	<b>288,815</b>
Vesting of share based payments		-	-	16,434	<b>16,434</b>
Share issue costs		(65,671)	-	-	<b>(65,671)</b>
<b>AT 31 DECEMBER 2019</b>		<b>16,081,432</b>	<b>(17,643,257)</b>	<b>1,624,734</b>	<b>62,909</b>

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	NOTES	31 DEC 2020 (\$)	31 DEC 2019 (\$)
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		13,943,052	19,638,055
Payments to suppliers, employees and GST		(14,041,262)	(18,406,305)
Finance costs paid		(124,524)	(199,225)
<b>Net cash generated by operating activities</b>		<b>(222,734)</b>	<b>1,032,525</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(10,138)	(5,048)
Sale of plant and equipment		-	170,407
Cash overflow from loans of other entities		(750)	(45,780)
<b>Net cash generated by /(used) in investing activities</b>		<b>(10,888)</b>	<b>119,579</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings - net		(273,906)	(1,924,001)
Repayment of lease liabilities		(91,828)	(223,687)
Proceeds received from the issue of share capital		-	288,815
Payment for costs incurred in issue of share capital		(2,637)	(31,421)
<b>Net cash used in financing activities</b>		<b>(368,371)</b>	<b>(1,890,294)</b>
<b>Net increase decrease in cash held</b>		<b>(601,993)</b>	<b>(738,190)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,274,113</b>	<b>1,488,184</b>
<b>Cash and cash equivalents at the end of financial period</b>		<b>672,120</b>	<b>749,994</b>

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying note

# Notes to the Condensed Financial Statements

# 07

# Notes to the Condensed Financial Statements for the Half Year Ended 31 December 2020

## NOTE 1

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Condensed Financial Statements cover The GO2 People Ltd (Company) and the entities in controlled (the Group) at the end of or at any time during the period ended 31 December 2020. The GO2 People Ltd is a for-profit listed public Company incorporated and domiciled in Australia. The Condensed Financial Statements were authorised for issue on the date of signing the attached Directors' declaration.

#### (a) Basis of Preparation

These Condensed Financial Statements for the half year reporting period ended 31 December 2020 have been prepared in accordance with the Australian Accounting Standard 134 'Interim Financial Reporting' and the Corporations Act 2001.

These half year financial statements, for the half year reporting period ended 31 December 2020, do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the entity as the annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Except for the cashflow information, the financial statements have been prepared on an accruals basis, have been prepared on a historical cost basis and are presented in Australian dollars.

#### Going Concern

During the half year, the Consolidated Group generated a loss after tax of \$99,140 (31 December 2019: \$1,503,886), is reporting a net working capital deficiency of \$1,172,165 (30 June 2020: \$1,252,207), and has incurred net cash outflows from operations of \$222,734 (31 December 2019 inflows of \$1,032,525). As at 31 December 2020, the Group had \$672,120 in cash (30 June 2020: \$1,488,184) and consolidated net asset deficiency of \$238,173 (30 June 2020: \$136,396).

Further to the above the Board of Directors of the Group notes the following that would have otherwise impacted the results of the Group for the period:

- Significant debtor collections were received post 31 December 2020, that were otherwise due at 31 December but received after the period end due to the impact of the public holidays. Such debtor collections would have otherwise improved the cashflows from operations and cash balance after allowing for the repayment for the Scottish Pacific funding with respect to these debtors;
- The exercise of the options post period end has increased the cash balance along with improving working capital and net asset position; and

- The losses of the group have been significantly limited through the restructuring in the prior financial year.

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 however the cost base is now stable to support any growth for the second half of FY21;
- The board believes it has the ability to raise additional capital (through the placement capacity), and will engage with interested parties and shareholders on capital raising efforts at the appropriate time;
- The Group, continues to engage with its working capital providers who may be able to provide additional advances; and
- The post balance date acquisition of Hunter Executive Search Consultants will provide working capital through its profitable operations.

There 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

## **(b) Accounting policies**

The accounting policies and methods of computation adopted in the preparation of this financial report for the half year under review are consistent with those adopted in the annual financial statements for the year ended 30 June 2020, unless otherwise stated.

### ***Revenue Recognition - Government grants***

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

## **(c) New accounting standards**

The consolidated entity 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.

## **(d) Critical accounting estimates and judgments**

The preparation of the condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the condensed financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

### **Recoverability of receivables**

The Group continues to provide against the likelihood of ultimate collectability of trade receivables and other receivables where appropriate. The condensed financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts that might be necessary should the Group's judgments differ from future circumstances.



**Tax losses recognised**

Deferred tax assets relating to unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. As at 31 December 2020 it has been determined that losses of \$2,328,065 at 26% will not be brought to account as it is not probable that they will be recovered in the next 12 months.

**Coronavirus (COVID-19) pandemic**

Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**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, in accordance with the accounting policy stated in note 1. 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.

**Estimated fair value of share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. For the long-term incentive plans the fair value of the rights at grant date is determined using an options pricing model and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, where the change is unrelated to market conditions, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share plans reserve.

## NOTE 2

### SEGMENT INFORMATION

#### (a) Identification of reportable segments

As noted within the Group's annual report for the year ended 30 June 2020, the Group has reassessed its business operations during the prior year and how the business is viewed by the Directors being the Chief Operating Decision Makers of the Group.

During the prior year it was determined the Group would no longer focus on the activities performed by the building division. In addition, the Skills and Training business contributed approximately \$0.6 million (2%) of Group revenue which is insignificant to the Group

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

## NOTE 3

### REVENUE

	31 DEC 2020 (\$)	31 DEC 2019 (\$)
Labour hire fees	11,926,861	14,036,719
Construction	66,020	699,215
Training fees	292,425	306,270
Other revenue	-	29,909
<b>TOTAL REVENUE</b>	<b>12,285,306</b>	<b>15,072,113</b>
<b>TIMING OF REVENUE RECOGNITION</b>	<b>-</b>	<b>-</b>
Services provided at a point in time	12,219,286	14,372,898
Services transferred over time	66,020	699,215
	<b>12,285,306</b>	<b>15,072,113</b>

## NOTE 4

### OTHER INCOME

	31 DEC 2020 (\$)	31 DEC 2019 (\$)
Government Incentives	554,170	-
Gain on disposal of assets	-	58,113
<b>TOTAL OTHER INCOME</b>	<b>554,170</b>	<b>58,113</b>

## NOTE 5

### ISSUED CAPITAL

#### a) Ordinary Shares in GO2 People Ltd

	NUMBER OF SHARES	SHARE PRICE (\$)	\$
<b>EQUITY ISSUED 30 JUNE 2020</b>	142,689,618	0.120	17,151,028
Less Share Issue Costs			(986,385)
<b>BALANCE AT 30 JUNE 2020</b>	<b>142,689,618</b>		<b>16,164,643</b>
<b>TRANSACTIONS TO 31 DECEMBER 2020</b>			
Exercise of performance rights	5,000,000	0.015	75,000
Less Share Issue Costs			(2,637)
<b>BALANCE AT 31 DECEMBER 2020</b>	<b>147,689,618</b>		<b>16,237,007</b>

Issued capital reflects the issued capital of The GO2 People Ltd.

Each respective ordinary share entitles the holder to participate in dividends, and to share in the proceeds of winding up the respective legal entity in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

#### b) Options

##### Movement in Options

	OPENING BALANCE AT 1 JULY 2020	GRANTED DURING PERIOD	FORFEITED DURING PERIOD	EXERCISED DURING PERIOD	OUTSTANDING AT 31 DEC 2020	EXERCISABLE AT 31 DEC 2020	WEIGHTED EXERCISE PRICE
Class A	2,500,000	-	-	-	2,500,000	2,500,000	\$0.225
Class B	6,750,000	-	-	-	6,750,000	6,750,000	\$0.300
Class C	7,500,000	-	-	-	7,500,000	7,500,000	\$0.400
Class D	9,025,497	-	-	-	9,025,497	9,025,497	\$0.040
<b>TOTAL</b>	<b>25,775,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,775,497</b>	<b>25,775,497</b>	<b>\$0.231</b>

#### c) Performance rights

On 26 November 2019 the Company issued 5,000,000 performance rights to a number of key employees which vest on 1 July 2020, subject to holding employment with the Company up to and until 30 June 2020. The performance rights were due to expire on 31 December 2020. During the period all performance rights were exercised.

**NOTE 5 ISSUED CAPITAL CONTINUED****d) Loss per share**

	31 DEC 2020 (\$)	31 DEC 2019 (\$)
Loss used to calculate basic and diluted EPS	(99,140)	(1,503,886)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	145,434,183	118,655,058
	<b>145,434,183</b>	<b>118,655,058</b>

The effect of potential ordinary shares from exercise of any of the options issued by the Company have not been included in the calculation of the diluted loss per share as their effect is anti-dilutive. These options could potentially dilute basic earnings per share in the future.

**NOTE 6****EVENTS AFTER THE REPORTING PERIOD**

Post the end of the financial half year the Company received notices of exercise of 3,323,639 \$0.04 Options which would have otherwise expired on 29 January 2021. This resulted in a cash receipt to the Company of \$132,945.

The Group announced on 4 January 2021 the acquisition of Hunter Executive Search Consultants Pty Ltd, subject to shareholder approval at a General Meeting of Shareholders to be held on 10 March 2021.

Hunter Executive Search Consultants Pty Ltd ("Hunter") is a leading Australian recruitment company specialising in permanent and contract placements for the Executive, Engineering, Resources, Environment and Water industries. Founded in 2013 by Directors Ben Oakley and Gregor McNally, it is a highly regarded business that maintains successful, long term relationships with many of Australia's leading companies. Like GO2, Hunter has a strong ethos on working ethically, honestly and responsibly to provide its clients and candidates with a service that is second to none. No consideration has been transferred and will not be transferred until after the general meeting of shareholders. As result the Group does not have control.

The GO2 and Hunter businesses are highly synergistic, and the acquisition represents significant cross-sell opportunities into the respective clients and key operating sectors which are expected to drive organic growth within the Group. GO2 will continue to focus on blue collar labour hire whilst Hunter will complement this with the introduction of their white collar permanent and contract recruitment service which will see the Company offer a full suite of recruitment services.

The Group announced on 15 February 2021 the ligation brought on with respect to the unfair preference claim by the liquidators of VCS Civil and Mining Pty Ltd ("VCS") (in liquidation) VCS. The claimed specified is \$510,375.81 being the sum of a series of payments received during the period August 2017 to December 2017. The Group is confident with its position and will vigorously defend the claim.



# Director's Declaration

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# Director's Declaration

The Directors of the Company declare that:

- (a) The financial statements and notes of the GO2 People Ltd for the half year ended 31 December 2020 are in accordance with the Corporations Act 2001, and:
  - (i) give a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the period then ended;
  - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- (c) This declaration has been made after receiving the declarations required to be made to the directors by the Group Managing Director and Group Chief Financial Officer in accordance with section 295A of the Corporations Act 2001.

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



**Darren Cooper**

**Independent Non-Executive Chairman - The GO2 People Ltd**

**25 February 2021**



# Auditor's Report

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## 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 2020, 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 2020 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 \$99,140 and is in a net working capital deficiency of \$1,172,165. 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 opinion 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 2020 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.

A handwritten signature in dark ink that reads "William Buck".

**William Buck Audit (Vic) Pty Ltd**

ABN: 59 116 151 136

A handwritten signature in dark ink that appears to read "A. A. Finnis".

**A. A. Finnis**

Director

Melbourne, 25 February 2021



Queensland - Brisbane, Gold Coast, Sunshine Coast, Toowoomba  
New South Wales - Sydney • Western Australia - Perth, Bunbury  
Victoria - Melbourne

[www.thego2people.com.au](http://www.thego2people.com.au)