

THE GO2 PEOPLE MARCH QUARTER FY21 ACTIVITIES REPORT AND APPENDIX 4C

Highlights

- Total Cashflow and Cashflow from Operations positive for the year to 31 March 2021
- \$1.3M cash at bank at end of March 2021
- EBITDA for the March Quarter FY21 of \$55k and YTD \$240K
- Margin for the quarter 12% vs 11.3% in December increasing the Group's Full Year margin to 11.25%.
- Hunter Executive acquisition completed in month of March 2021
- Increase in job orders across all operating States
- Strong tailwinds in key operating sectors
- Post March Quarter announcement of Skill Hire Pty Ltd acquisition

27th April 2021: The GO2 People Ltd (ASX:GO2) ("The GO2 People" or "the Company") is pleased to release its March Quarter FY21 Activities Report and Appendix 4C. During Q3 FY21, and on the back of the completion of the Hunter Executive acquisition in March 2021, the Company has delivered a solid March Quarter highlighted by good cashflow and a number of positive operational achievements.

March FY21 Quarterly Update

The Company has continued to deliver EBITDA positivity recording \$55k for the March Quarter, which brings the YTD EBITDA to \$240k. The Group recorded a gross margin of 12% for the Quarter, vs 11.3% in the December Quarter, which increases the Group's Full Year margin to 11.25%. Cash at bank at the end of March 2021 sat at \$1.3M, an improvement on the \$671k at the end of the December Quarter.

Cashflow from operations was a positive \$750k for the quarter, an increase on previous quarters following additional collections from debtors during the period to March 31st, 2021. As revenues and results for both the March and December Quarters were similar, the reason for the additional receipts is largely timing related. A significant number of debtor receipts due at the end of December were paid in January. This was due to the Christmas shut down, which as noted in the December Quarter's report, negatively impacted the



December quarterly results. The YTD positive operational cashflows of \$575k has no timing impacts.

Operational costs and outflows for the quarter were consistent with the prior period. As the Company's operating outflows are 90% payroll or payroll related, oncosts including statutory payments, significant payments are made on a weekly basis or, have a fixed due date weekly or during the month. Given the nature of these outflows they cannot not be delayed to match the debtor payment delays, and as such the outflows have no timing related adjustments quarter on quarter. Government incentives through Job Keeper were received during the Quarter and have been included in operational cashflows.

The cashflows of Hunter Executive Search Consultants have been included in the quarterly results. Given the acquisition occurred in March the impact on the cashflow from operations was not significant. However, the transaction to acquire Hunter included the cash balance on acquisition of \$165k, which has been included in the cashflows from investing activities at Item 2.5 in the Appendix 4C.

As GO2's Labour Hire revenues grow organically, there is the potential for short term negative operational cashflow. GO2 is able to offset this net outflow position through the use of its \$15m working capital facility, held with Scottish Pacific, which can be drawn weekly, allowing sufficient headroom for Company growth. Repayments on the facility are linked to the collections from customers and movements in the facility are disclosed as a financing activity despite, in essence, the facility being an operational working capital funding source.

Payments to related parties as disclosed at Item 6 relate to payments to Directors for agreed services/fee and salary arrangements split as follows:

Non-Executive Director	\$ 20,531
Executive Directors	\$139,793

GO2 Recruitment

Positive results for the March Quarter have positioned the Recruitment Division to finish FY21 well and, with strong tailwinds heading into the new financial year, GO2 are well placed to take advantage of an uplift in job orders and projects throughout the country. A new Victorian Labour Hire licence was granted and received, indicating the high-quality operational standards held by the Company, and allowing it to operate its labour hire business in Victoria for the next 3 years at which time the Company will seek renewal.



The Company has been engaged by new clients seeking recruitment services throughout Australia during Q3 FY21 and it is currently in discussions with a number of potential new clients regarding upcoming projects. GO2's existing clients continue to increase their job order numbers in WA and QLD whilst new projects across both States continue to present new opportunities which are being tendered for by the Recruitment team.

Recently introduced on-boarding technology, Flare HR, is creating additional capacity and capability within the Recruitment team and has assisted with large volume orders and compliance. The Company continues to assess advancements in its industry leading operating systems, with a view to creating further operational efficiencies and improvements. Since the end of the March Quarter, in early April, an important operational achievement saw a new National Construction Enterprise Agreement approved by Fair Work, allowing the Company to operate under the conditions of this agreement in the construction sector for the next 4 years.

Hunter Executive

New subsidiary, Hunter Executive has had a strong March Quarter, culminating in a record for the most current job orders it has had since its inception. Importantly, and speaking to the quality of the service delivery, 90% of the job orders have been repeat business from existing clients on the back of the success in filling previous roles in our areas of expertise. Like GO2 Recruitment, Hunter is also seeing strong tailwinds in their key sectors with open jobs across Engineering, Environment & Water, Mining, and Government. Successfully completed Executive Search assignments this quarter include clients such as Perth Airport, the Autism Association of WA and IBN Group (the business' first Executive Search with an aboriginal corporation). Additional Executive Search roles have also been presented and they will commence shortly.

During Q3 FY21, Hunter have maintained a consistent contractor book throughout the quarter within the mining exploration space and have multiple open job orders. Critically, it has diversified its contractor book to ensure it is not heavily reliant on one or two key clients. Cross-sell opportunities into GO2 Recruitment's clients will further assist with this diversification. New clients have come on board in the March FY21 Quarter and white-collar permanent roles within the Engineering and Environmental industries have been successfully filled. A significant improvement from the previous Quarter has seen Hunter's white collar permanent fees have double, further evidence of the growing number of job orders and the high quality of the service delivery afforded to their clients.



GO2 Skills & Training

GO2's Training Division has continued to deliver steady revenues throughout Q3 FY21. A focus for the business has been to develop its internal digital marketing capability and become less reliant on third party providers in order to attract more consumers to its online training courses. In addition to this, the Company is beginning to see the benefits of developing relationships with new business clients that can deliver recurring revenues through its online offering. Additionally, GO2 has delivered face to face onsite training for a number of its existing clients. On the back of successful outcomes for these clients, the Training Division has secured a solid pipeline of works which will carry through into FY22. The Company is now deploying Trainers on a contract basis to various work sites to assist with the workflow.

Skill Hire Acquisition

Post March Quarter FY21, the Company announced the acquisition of one of Australia's leading Employment Services providers, Skill Hire Pty Ltd. The strategic acquisition of a highly synergistic business such as Skill Hire will provide a number of key benefits to the GO2 group that will drive shareholder value whilst providing a platform for future growth. The core business model of both businesses, being training and employment, is heavily geared towards the re-training and re-deployment of a national workforce impacted by the Covid-19 pandemic and addressing significant skills shortages in the resources and building & construction sectors.

The transaction is significantly earnings and cash flow accretive, with Skill Hire reporting unaudited revenue of \$23 million and EBITDA of \$1.6 million for the half year to 31 December 2020. Given the operational synergies between GO2 and Skill Hire the merged entity will see immediate cost rationalisation opportunities, which are expected to be in excess of \$500k on an annualised basis. Skill Hire's founders Robert Stockdale and Tony Fitzpatrick will join the Board of GO2, and the company also intends to recruit an additional Non-Executive Director prior to the 2021 Annual General Meeting.

Managing Director, Billy Ferreira: "We're pleased with the progress of the Company as whole in the March Quarter. Operationally, we continue to make inroads despite challenges on the back of Covid-19 and the completion of the Hunter deal has added another string to our bow. Our improved financial performance remains stable and the recent acquisition of Skill Hire, which we expect to be transformational in nature, provides us with an excellent platform to drive renewed growth and shareholder value. We're very excited and optimistic about what lies ahead."



Issued by: The GO2 People Ltd
Approved by: The Board of The GO2 People Ltd

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About The GO2 People

The GO2 People Ltd (ASX:GO2) is a leading provider of 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.

The company's Recruitment Division provides tailored staffing solutions to a range of industries with a client base that includes a number of national and multinational blue chip organisations across the construction, resources and industrial sectors.

GO2 Skills & Training is a nationally Registered Training Organisation (RTO 40927), delivering both accredited and non-accredited workplace training and education courses.

To learn more please visit: www.thego2people.com.au



Appendix 4C

**Quarterly cash flow report for entities
subject to Listing Rule 4.7B**

Name of entity

The GO2 People Ltd

ABN

45 616 199 896

Quarter ended ("current Quarter")

March 2021

Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,880	18,931
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(5,165)	(15,434)
(c) advertising and marketing	(22)	(56)
(d) leased assets	(50)	(152)
(e) staff costs	(704)	(2,060)
(f) administration and corporate costs	(114)	(476)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	-	
1.5 Interest and other costs of finance paid	(54)	(178)
1.6 Income taxes paid	(21)	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	750	575



Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (9 months) \$A'000
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2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(12)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(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 (cash acquired on acquisition)	165	165
2.6 Net cash from / (used in) investing activities	165	153

3. Cash flows from financing activities		
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	95	95



Consolidated statement of cash flows		Current Quarter \$A'000	Year to date (9 months) \$A'000
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(10)	(13)
3.5	Proceeds from borrowings	242	932
3.6	Repayment of borrowings	(603)	(1,706)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(276)	(692)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	671	1,274
4.2	Net cash from / (used in) operating activities (item 1.9 above)	750	575
4.3	Net cash from / (used in) investing activities (item 2.6 above)	165	153
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(276)	(692)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,310	1,310



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	1,310	671
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of Quarter (should equal item 4.6 above)	1,310	671

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current Quarter
\$A'000**

140

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Note: if any amounts are shown in items 6.1 or 6.2, your Quarterly activity report must include a description of, and an explanation for, such payments



7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at Quarter end \$A'000	Amount drawn at Quarter end \$A'000
15,174	2,985
74	74
-	-
15,248	3,059

7.5 Unused financing facilities available at Quarter end

12,189

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after Quarter end, include a note providing details of those facilities as well.

The Company's subsidiaries GO2 Recruitment Pty Ltd and GO2 People Australia Pty Ltd, have an agreement with Scottish Pacific (BFS) Pty Ltd for the assignment of all debts owed by its customers for the provision of services (Debtors funding facility). The agreement secures the debts to Scottish Pacific BFS Pty Ltd for the funding provided. Interest charges are variable linked to BBSY rates plus and agreed margin.

The Company has a number of finance leases/hire purchase agreements, secured only over light vehicles or mobile plant and equipment funded. Interest charges are fixed at the time of entry into the arrangement. The facilities are provided by Westpac Equipment Finance and Toyota Financial Services.

Credit standby arrangements related to the Bank Guarantee facility provided by Westpac, the Bank Guarantees issued support the Company's rental bonds required on its leased properties. This facility is secured over Term Deposit Accounts holding an amount equivalent to the bank guarantee issued. The Term Deposits are not included in the total cash and cash equivalents reported at item 5.



8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	750
8.2	Cash and cash equivalents at Quarter end (Item 4.6)	1,310
8.3	Unused finance facilities available at Quarter end (Item 7.5)	Refer Item 7
8.4	Total available funding (Item 8.2 + Item 8.3)	1,310
8.5	Estimated Quarters of funding available (Item 8.4 divided by Item 8.1)	n/a as operating cashflow positive

8.6 If Item 8.5 is less than 2 Quarters, please provide answers to the following questions:

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?

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?

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:27 April 2021.....



Authorised by:
Matthew Thomson – CFO and Joint Company Secretary



Notes

1. This Quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past Quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this Quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this Quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

