

Appendix 4C: Operations Update & Quarterly Cashflow Report Quarter Ended 30 September 2021

The Go2 People Ltd (ASX:GO2) ("**Go2**" or the "**Company**") is pleased to release its quarterly 4C Cashflow Report and Operations Update for Q1 FY2022.

Operations Update

Since the Skill Hire merger became effective on 1 June 2021, the Company has been focusing on successfully integrating the GO2 and Skill Hire businesses. In addition to efforts focused on client retention, significant work has been undertaken in rationalising the businesses, with some \$1.76 million in annual wages and on-costs having been removed.

During the quarter, significant management time and focus was devoted towards compiling and submitting the Group's Federal Government tender for Transition to Work services which was lodged in late September, with contract awards expected to be announced in December 2021. In addition, substantial resources were applied to securing several commercial recruitment and training contracts in industries with "entry level" occupations that will add significant value to the Transition to Work contracts, should the Company be successful in its tender.

During and subsequent to the quarter, Shawn Murphy assumed the role of Group CEO, whilst Corinne Franklin was appointed to the role of Group CFO.

Following the departure of previous Directors and GO2 founders Billy Ferreira and Paul Goldfinch, the Board commenced a process to recruit one or more independent non-executive directors to the Board, with an announcement expected prior to the Group's AGM on 18 November 2021.



Cashflow Update

The Appendix 4C is attached, and shows a deficit in cashflow from operations of \$260,000 for the quarter. However, included in this figure are the following "one-off" items which will not be repeated in coming quarters:

"Prima-Facie" Operational Cashflow Deficit	(\$260,000)
Add-Back One-Offs:	
One-Off Costs Associated with Skill Hire Acquisition and Advisory Fees related to Superannuation Guarantee Charges matter	\$55,000
One-Off Costs Associated with Gaining ISO 27001 Accreditation	\$27,000
One-Off Restructuring Costs (Redundancies, Annual Leave Pay-Outs etc)	\$145,000
Pro-Forma Operating Cashflow for Q1 FY2022	(\$33,000)

Note: the above table does not include the ~\$440,000 per quarter of salaries and on-costs which have now been removed from the combined GO2 / Skill Hire business and will represent savings in operational cash outflows in future quarters.

Related Parties Payments During the Quarter

Payments to related parties as disclosed at Item 6 of the Appendix 4C relate to payments to Directors for agreed services/fees and salary arrangements split as follows:

Non-Executive Directors	\$ 73,997
Executive Directors	\$110,164



Commentary

Commenting on the result, GO2 Board Chair Darren Cooper said: "We are pleased with the operating result for the quarter, with most of the one-off and non-recurring cash expense items relating to the GO2 / Skill Hire merger and associated restructuring now complete. We are excited at our prospects for the various Federal Government tenders in which we are participating, look forward to bringing further updates to shareholders over the coming months, and to shortly announcing our new Director appointments."

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



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")

September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	17,283	17,283
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(12,253)	(12,253)
(c) advertising and marketing	(128)	(128)
(d) leased assets	-	-
(e) staff costs	(3,652)	(3,652)
(f) administration and corporate costs	(1,307)	(1,307)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(188)	(188)
1.6 Income taxes paid	(15)	(15)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash (used in) operating activities	(260)	(260)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(90)	(90)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	69	69
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash outflows from loans to other entities	(10)	(10)
2.4	Dividends received (see note 3)	-	-
2.5	Other (Cash received from acquisition)	-	-
2.6	Net cash (used in) investing activities	(31)	(31)

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(245)	(245)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (transfer from financial assets at amortised cost)	5,002	5,002
3.10	Payment for finance leases	(243)	(243)
3.11	Net cash from financing activities	4,514	4,514

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period ^{*Note a}	1,246	1,246
4.2	Net cash (used in) operating activities (item 1.9 above)	(260)	(260)
4.3	Net cash (used in) investing activities (item 2.6 above)	(31)	(31)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from financing activities (item 3.11 above)	4,514	4,514
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,469	5,469

Note a Closing Cash and cash equivalents per the June 2021 Appendix 4C totalled \$6.4m. The difference between closing cash at 30 June 2021, and opening cash of \$1.2m per 4.1 above, (of \$5.2m) relates to term deposits of \$5.2m which were reclassified as financial assets. These have been drawn on during the quarter as (financing activities) in 3.9 above and are recognised as cash and cash equivalents at the end of the quarter.

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	5,469	1,246
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)	5,469	1,246

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	184
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>			
7.1	Loan facilities	16,174	2,839
7.2	Credit standby arrangements	1,099	74
7.3	Other (please specify)	-	-
7.4	Total financing facilities	17,273	2,913
7.5	Unused financing facilities available at quarter end		14,360
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>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 an agreed margin.</p> <p>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.</p> <p>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. The Skill Hire WA Pty Ltd subsidiary also has a \$1.025 million bank overdraft facility with Bankwest that is available for use.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(260)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,469
8.3 Unused finance facilities available at quarter end (item 7.5)	14,360
8.4 Total available funding (item 8.2 + item 8.3)	19,829
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	76
<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:29 October 2021.....

Authorised by:The Board of Directors.....
(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.