

## The GO2 People Closes Strong June Quarter Achieving Positive EBITDA and Continued Revenue Growth

### Highlights

- **Posted 1.3% Positive EBITDA of for June Quarter FY18**
- **Achieved target revenue of \$45m for FY18**
- **Achieved Group revenue of \$14.2m in Q4 FY18, an increase of 21% on previous Quarter with a strong pipeline of work leading into FY19**
- **Expanded recruitment operations into Victoria with new office opened in Melbourne in July 18**

**Tuesday July 31<sup>st</sup> 2018:** Leading provider of vertically integrated recruitment and building services **The GO2 People Limited (ASX:GO2)** ("The GO2 People") has today released its appendix 4C for the three-month period ended June 30 2018 and is pleased to provide an overview of its activities during the quarter.

The GO2 People remains on track to triple its business operations in the three years following listing, with revenue of \$45m achieved in FY18 and consistent growth continuing into FY19. Tailwinds in the Western Australia mining industry, an increasing presence in the renewable energy sector in Queensland and solid first year contribution from New South Wales, led to a step change in the business in March which resulted in a strong June quarter. The combination of revenue growth and stable overhead structure has created a solid bedrock for future growth.

Group revenue reached \$14.2m in Q4 FY18, an increase of 21% on the previous quarter with a strong pipeline of work in place leading into FY19. On the back of revenue growth, the Group achieved 1.3% positive EBITDA, reflecting the impact of a stable overhead structure. The Company's cash position at the end of the June Quarter remains sufficient to support its organic growth targets.



### **Building Division**

The Building Division performed well in Q4 FY18, delivering revenue of \$2.2m. It ended a fiscal year of significant growth driven by the successfully-delivered contract works for Altura Mining's (ASX : AJM) Pilgangoora Lithium mine in Western Australia. Meadowbrooke Lifestyle Estate is progressing as planned and construction has begun on the first two houses of the Dirk Hartog Island project. The Building Division is currently in the process of seeking prequalification for Government projects in Western Australia.

### **Recruitment Division**

Recruitment revenue was \$12.2m in the June quarter, an increase of 30% from the previous quarter's revenue of \$9.5m. This took total Recruitment revenue for H2 FY18 to \$21.7m representing 30% growth on H1 FY18. Strong growth is expected to continue as the Company has positioned itself strategically to capture further market share across all States.

The Recruitment division also saw growth in the number of workforce personnel operating out of the respective states, which is a key metric for measuring performance. Quarter-on-quarter, workforce personnel grew 13% across Western Australia, Queensland and New South Wales, the three contributing operational States.

A significant portion of the recruitment division's quarter was devoted to the expansion of the business into Victoria. Seen as a key element of the Company's strategic growth plan, an experienced recruitment team officially began operating from an office in Mt Waverly in Melbourne in July. With Victoria's labour hire market thriving and established national service agreements in place, the Company expects the Victorian office to become an important contributor to revenue in the future.

**The GO2 People's Managing Director and Co-Founder, Billy Ferreira:** "We are very pleased with the progress The GO2 People made in the June Quarter. Growth across the business, and improved EBITDA results, reflect the Company being sufficiently resourced to achieve our target of tripling the business three years from listing. We now carry the momentum gained in the June Quarter into the new financial year and we're very well positioned nationally to continue our growth journey."

**The GO2 People Board Chair, Mr Darren Cooper:** "It is pleasing to see that we are continuing to achieve our growth targets, within the context of having deployed some of the funds from listing to build the infrastructure of the business to accommodate three-fold growth from listing. As reported last quarter, our revenues continue to grow, and we are now generating progressively larger positive EBITDA and cash flow. We therefore remain confident that our balance sheet resources are sufficient to fund our continued organic growth in accordance with our strategy, without the need for further equity".



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#### About The GO2 People

The GO2 People Ltd (ASX:GO2) is a leading provider of vertically integrated recruitment and building services to industry throughout Australia.

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. The Building Division is a multidisciplinary construction company offering a full range of building, civil, construction and project management services in remote and regional areas of 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)



+Rule 4.7B

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

#### Name of entity

The GO2 People Limited

ABN

45 616 199 896

Quarter ended ("current quarter")

30 June 2018

| Consolidated statement of cash flows           | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|--|----------------------------|--|
| <b>1. Cash flows from operating activities</b> |                            |  |
| 1.1 Receipts from customers                    | 14,261                     | 43,740                                 |
| 1.2 Payments for                               |                            |  |
| (a) research and development                   | -                          | -                                      |
| (b) product manufacturing and operating costs  | (13,846)                   | (41,123)                               |
| (c) advertising and marketing                  | (62)                       | (286)                                  |
| (d) leased assets                              | -                          | -                                      |
| (e) staff costs                                | (1,209)                    | (4,260)                                |
| (f) administration and corporate costs         | (378)                      | (1,463)                                |
| 1.3 Dividends received (see note 3)            | -                          | -                                      |
| 1.4 Interest received                          | -                          | -                                      |
| 1.5 Interest and other costs of finance paid   | (134)                      | (593)                                  |
| 1.6 Income taxes paid                          | (92)                       | (122)                                  |



| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|---|----------------------------|--|
| 1.7 Government grants and tax incentives                  | -                          | -                                      |
| 1.8 Other (provide details if material)                   | -                          | -                                      |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(1,460)</b>             | <b>(4,107)</b>                         |
|   |                            |  |
| <b>2. Cash flows from investing activities</b>            |                            |  |
| 2.1 Payments to acquire:                                  |                            |  |
| (a) property, plant and equipment                         | (33)                       | (328)                                  |
| (b) businesses (see item 10)                              | -                          | (150)                                  |
| (c) investments   | -                          | -                                      |
| (d) intellectual property                                 | -                          | -                                      |
| (e) other non-current assets                              | -                          | -                                      |
| 2.2 Proceeds from disposal of:                            |                            |  |
| (a) property, plant and equipment                         | -                          | -                                      |
| (b) businesses (see item 10)                              | -                          | -                                      |
| (c) investments   | -                          | -                                      |
| (d) intellectual property                                 | -                          | -                                      |
| (e) other non-current assets                              | -                          | -                                      |
| 2.3 Cash inflows from loans to other entities             | 35                         | 250                                    |
| 2.4 Dividends received (see note 3)                       | -                          | -                                      |
| 2.5 Other (provide details if material)                   | -                          | -                                      |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>2</b>                   | <b>(228)</b>                           |



| Consolidated statement of cash flows  | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|---|----------------------------|--|
| <b>3. Cash flows from financing activities</b>                                  |                            |  |
| 3.1 Proceeds from issues of shares  | -                          | 10,026                                 |
| 3.2 Proceeds from issue of convertible notes                                    | -                          | -                                      |
| 3.3 Proceeds from exercise of share options                                     | -                          | -                                      |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | -                          | (1,387)                                |
| 3.5 Proceeds from borrowings  | 1,661                      | 4,487                                  |
| 3.6 Repayment of borrowings   | (165)                      | (6,672)                                |
| 3.7 Transaction costs related to loans and borrowings                           | -                          | -                                      |
| 3.8 Dividends paid  | -                          | -                                      |
| 3.9 Other (provide details if material)   | -                          | -                                      |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>1,496</b>               | <b>6,454</b>                           |
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |                            |  |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date              | 2,545                      | 464                                    |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (1,460)                    | (4,107)                                |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | 2                          | (228)                                  |
| <b>4.4 Net cash from / (used in) financing activities (item 3.10 above)</b>     | <b>1,496</b>               | <b>6,454</b>                           |



| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.5   | Effect of movement in exchange rates<br>on cash held   | -                                  | -   |
| 4.6   | <b>Cash and cash equivalents at end of<br/>quarter</b> | <b>2,583</b>                       | <b>2,583</b>                                    |

  

| <b>5. Reconciliation of cash and cash<br/>equivalents</b><br>at the end of the quarter (as shown in<br>the consolidated statement of cash<br>flows) to the related items in the<br>accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|---|------------------------------------|-------------------------------------|
| 5.1 Bank balances   | 2,583                              | 2,583                               |
| 5.2 Call deposits   | -                                  | -                                   |
| 5.3 Bank overdrafts   | -                                  | -                                   |
| 5.4 Other (provide details)   | -                                  | -                                   |
| <b>5.5 Cash and cash equivalents at end of<br/>quarter (should equal item 4.6 above)</b>  | <b>2,583</b>                       | <b>2,583</b>                        |



|  |  | <b>Current quarter<br/>\$A'000</b> |
|--|--|------------------------------------|
| 6.   | <b>Payments to directors of the entity and their associates</b>                                      |                                    |
| 6.1  | Aggregate amount of payments to these parties included in item 1.2                                   | (38)                               |
| 6.2  | Aggregate amount of cash inflow from loans to these parties included in item 2.3                     | 35                                 |
| 6.3  | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 |                                    |
| 6.1 Relates to Director Fees paid as Wages and Salaries, as per agreed contracts<br>6.2 Relates to a partial repayment of a Loan provided to a related entity of a director of the Company, GO2 Skills and Training, the loan was provided in the year prior to the Company's listing. |  |                                    |
| 7.   | <b>Payments to related entities of the entity and their associates</b>                               |                                    |
| 7.1  | Aggregate amount of payments to these parties included in item 1.2                                   | -                                  |
| 7.2  | Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 7.3  | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |
|  |  |                                    |



**8. Financing facilities available**  
*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other - Debtors funding facility  
 - Finance Lease facilities

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

| Total facility amount at quarter end<br>\$A'000 | Amount drawn at quarter end<br>\$A'000 |
|---|--|
|   |  |
| 104   | 104                                    |
| 10,000  | 6,199                                  |
| 609   | 609                                    |

The Company's subsidiary GO2 Recruitment Pty Ltd, has 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, National Australia Bank 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.



| <b>9. Estimated cash outflows for next quarter</b> |   | <b>\$A'000</b>  |
|--|---|-----------------|
| 9.1  | Research and development                  | -               |
| 9.2  | Product manufacturing and operating costs | (14,063)        |
| 9.3  | Advertising and marketing                 | (48)            |
| 9.4  | Leased assets                             | -               |
| 9.5  | Staff costs                               | (1,300)         |
| 9.6  | Administration and corporate costs        | (305)           |
| 9.7  | Other (provide details if material)       | -               |
| <b>9.8</b>   | <b>Total estimated cash outflows</b>      | <b>(15,716)</b> |

  

| <b>10. Acquisitions and disposals of business entities<br/>(items 2.1(b) and 2.2(b) above)</b> |   | <b>Acquisitions</b>                    | <b>Disposals</b> |
|--|---|--|------------------|
| 10.1   | Name of entity  | Terra Firma Constructions Pty Ltd      |                  |
| 10.2   | Place of incorporation or registration                    | WA                                     |                  |
| 10.3   | Consideration for acquisition or disposal – cash          | \$150,000                              |                  |
|  | Consideration for acquisition or disposal – shares issued | 3,000,000 shares in GO2 People Limited |                  |
| 10.4   | Total net assets  | \$59,000                               |                  |
| 10.5   | Nature of business  | Construction                           |                  |



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.



Sign here:

(Company secretary)

Date: 31 July 2018

Print name: Matthew Thomson

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

