

## Shortfall Placement and Business Growth Update

### Highlights:

- **Balance sheet improvement of \$189k achieved through \$132k raised under Non-Renounceable Rights Issue shortfall placement and \$57k in conversion to equity of Skill Hire Deferred Payment obligation to ESOP Holders**
- **A range of business and working capital improvement initiatives currently on foot give the Company comfort that GO2 can fund its ATO and payment plan obligations out of working capital**
- **GO2 continues to experience strong demand for its services, has successfully renegotiated trading terms with key clients, and is seeing growth in its higher-margin, less capital-intensive business units such as training (via Nara Training & Assessing) and executive recruitment (via Hunter Executive)**

Education, training and employment solutions provider The GO2 People Ltd (ASX: GO2) ("GO2" or "the Company") advises that it has issued 11,000,000 fully paid ordinary shares in exchange for \$132,000 raised under the Non-Renounceable Rights Issue shortfall placement which closed on 15 March 2023.

A further 4,764,375 shares with a value of \$57,172.50 were issued to Skill Hire ESOP Holder #4 (refer ASX announcement dated 10 March 2023) in exchange for forgiveness of the Company's obligation to ESOP Holder #4 under the Skill Hire Deferred Payment arrangement. Those shares were issued under the Company's Listing Rule 7.1 Placement Capacity, and are subject to escrow until 30 November 2023.

In total therefore, via a combination of additional cash and the extinguishing of liabilities owed to Skill Hire ESOP Holder #4, an overall balance sheet improvement of some \$189K has been achieved.

The Company acknowledges that although the amount initially targeted through the rights issue shortfall placement was not raised, The GO2 People remains focused on a strategy of business improvement and sustainable growth whilst seeking fit-for-purpose funding facilities to better support its expected growth.

In implementing its working capital strategy plans, the Company has been:

- Securing a more appropriate source of funding for the Skill Hire business, which has rapidly grown its labour hire book and is currently funded via an operating overdraft facility provided by Bankwest, in respect of which an increase is being sought from \$1.025m to \$1.5m. Labour hire businesses are more commonly funded by debtor finance facilities, and Skill Hire is also exploring refinancing with Scottish Pacific Business Finance (ScotPac), which

already funds the GO2 labour hire entities. On an analysis of Skill Hire's debtor book, a ScotPac debtor funding facility would provide sufficient funds to repay the current overdraft facility and provide further working capital headroom of some \$1m - \$1.5m to fund continued growth;

- Focusing on growing attractive revenue & margin opportunities around quality clients with higher margins and more attractive payment terms;
- Negotiating more favourable terms of trade (i.e. shorter payment timeframes and/or more frequent invoicing, allowing faster drawdowns on ScotPac debtor funding facilities) with the larger clients of its labour hire and apprenticeship services businesses;
- Continuing to reduce expenditure to right-size the business as a leaner operation with reduced overheads;
- Continuing negotiations with the Skill Hire vendors regarding their \$3.51m deferred consideration payment (now reduced to \$3.453m with the conversion to shares of ESOP Holder #4's liability). The liability is due for payment on 30 November 2023, and the Company may:
  - Pay the liability on that date; or
  - Make an accelerated payment of \$1.485m by 30 June 2023, in exchange for which the balance of \$1.967m will be converted to GO2 shares at 1.2c each (per ASX announcement 10 March 2023); or
  - Seek to further renegotiate the Deferred Payment liability with the Skill Hire vendors.

The Skill Hire vendors remain the three largest shareholders of the GO2 business;

- Continuing to pursue other capital raising and potential M&A opportunities.

In addition, Board Chair Darren Cooper and Managing Director Shawn have agreed to take their Directors' Fees in shares through to 30 June 2023.

Based upon the above initiatives, the Company is comfortable it will be able to meet its other intended use of funds under the Rights Issue Offer document, being its current ATO and payment plan obligations, out of working capital.

The Company is continuing to experience strong demand for its services, has already been successful in renegotiating trading terms with some key clients, and is also seeing growth in its higher-margin, less capital-intensive business units such as training (via Nara Training & Assessing) and executive recruitment (via Hunter Executive).



The Company looks forward to providing a trading update and an update on its working capital position and available facilities for the quarter ended 31 March 2023 in the next Appendix 4C, which will be lodged with the ASX on or prior to Friday 28 April 2023.

**For more information, please contact:**

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**Issued by:** The GO2 People Ltd

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

**About The GO2 People Ltd**

The GO2 People Ltd (ASX:GO2) is a leading provider of recruitment and training services to industry throughout Australia. The day-to-day operations of the company are underpinned by strong core values and an ethical approach to business principles which drive innovation, collaboration and an ongoing commitment to continuous improvement. To learn more please visit: [www.thego2people.com.au](http://www.thego2people.com.au)