

Managing Director Letter to Shareholders

Highlights

- **Voluntary Suspension to end as soon as practicable after completion of capital raising.**
- **New corporate advisors Vested Equities and Bletchley Park Capital appointed.**
- **New capital raising structure – raising a minimum of \$2.7m and maximum of \$4.0m at 7.5cps with a free attached 1:1 call option at 10cps with 12 months expiry.**
- **Restructure of GO2 – Company reaffirms expectation of first EBITDA positive month in July 2019.**
- **Acquisition of IPW – Company remains committed to the acquisition, will target synergies including significant cross-sell potential.**
- **The IPW acquisition will further evolve the GO2 business as a national, vertically integrated labour hire and training business**

Dear Shareholders,

I am pleased to take this opportunity to update shareholders on recent activities of The GO2 People ("GO2", or "the Company"), including the voluntary suspension of our shares from trading, the appointment of new corporate advisors, a restructured capital raising and associated timetable, restructuring of the GO2 business, the benefits of the IPW acquisition and our outlook.

Voluntary Suspension

Firstly, we would like to thank you for your patience.

As you know, our shares have been in voluntary suspension since 10 April 2019, leading up to the announcement of the acquisition of Industry Pathways Pty Ltd ("IPW") on 23 April 2019. We have been working diligently to complete the



conditions precedent to the transaction, specifically the completion of the capital raising, and recommence trading on the ASX as soon as possible. To this end, we have appointed new corporate advisors whom have assisted us in restructuring the capital raising and re-introducing the investment opportunity to capital markets. The new structure and investment case have both been well received to date and we are confident that we will close the capital raising and re-list our securities in the near-term.

We remain committed to completing this transaction as we see significant synergies through the merger of The GO2 People labour hire business and the IPW online training and education business. Combined, we intend to further evolve as a leading national, vertically integrated labour hire and training business with improved overall margins, significant cross-sell opportunities and continued growth.

New Corporate Advisors

GO2 has engaged new corporate advisors who will provide a high level of broker and investor relations capability. Vested Equities("Vested") and Bletchley Park Capital("BPC") will partner with our executive team to drive on-market support, and shareholder engagement.

Vested is a boutique broking and advisory house, whose leadership team have extensive experience in corporate and investment banking, research and investor relations both in Australia and overseas. Over the past 12 months, Vested has successfully completed a number of capital transactions in the \$1m - \$5m range.

Bletchley Park Capital (BPC) provides corporate advisory, equities research and investor relations for ASX-listed emerging industrial companies. BPC has been engaged to prepare an active program of ongoing investor relations as we achieve key milestones throughout FY20, and to increase the exposure of the GO2 business in the investment community.

New Capital Raising

We are pleased to offer a new capital raising structure for the GO2 acquisition of IPW. We are still raising capital for GO2 at 7.5 cents per share but we have now added a free attached call option with each new share, exercisable at 10 cents per share with a 12-month expiry.



We intend to raise a minimum of \$2.7m and a maximum of \$4m in this capital raising. The revised capital structure is summarised at page 8 of the Investor Presentation released to the ASX on 3 July 2019.

Restructure of GO2

On 30 April 2019, we announced a restructure of the stand-alone GO2 business. I am pleased to reiterate that the financial results of our restructure saw the Company achieve an EBITDA neutral position for the month of June 2019. Furthermore, we expect our first EBITDA positive month in July 2019, creating the foundations from which we will build in FY20.

Having utilised the building division to increase its mining and construction customer base over the past 2 years, GO2 has made the strategic decision to de-risk its business by reducing its exposure to the building sector. It will now deliver only small low risk projects for select clients on a cost-plus margin revenue model. This decision also led to a significant overhead reduction which is expected to flow through to the EBITDA line.

Our focus is on realising our vision of a national, vertically integrated labour hire and training business which generates positive and growing free cash flow for shareholders. The restructure of GO2 provides us with an excellent platform from which to achieve this vision.

Acquisition of IPW

We are extremely excited by the growth opportunities presented by the IPW acquisition. Combined with GO2's established labour hire business, our acquisition of IPW will create a national, vertically integrated labour hire and training business with significant synergy and margin expansion potential.

Industry Pathways (IPW) is a Registered Training Organisation (RTO) offering fee for service training and education up to Diploma level in the mining and health sectors. Established in 2011, based in Gold Coast (Qld), IPW is one of Australia's leading Registered Training Organisations, delivering high quality fee for service training with the highest compliance standards, and zero reliance on government funding. It specialises in training and education in the mining and health sectors, delivering up to Diploma level qualifications.



IPW delivers innovative and effective training, with 80% of course content being delivered via online platforms and the remaining 20% being classroom based practical training. It is set for scale, with 25 existing staff able to support consistent growth in FY20 and beyond. Cost rationalisation and back end support from GO2 will further enhance its growth potential.

IPW's online training business model generates high free cash flow and EBITDA margins, with estimated FY19 results of \$6m revenue and \$2m EBITDA.

We have summarised the synergy potential of combining IPW's training business with GO2's labour hire business on page 21 of the ASX Investor Presentation dated 3 July 2019. Whilst there is an opportunity to remove some duplicated costs, the key opportunity is to cross-sell IPW's training programs into GO2's database of 175,000 job seekers. This figure is growing by approximately 1,500 new candidates per week, meaning only a very small conversion ratio of new candidates each week to IPW training courses is required in order to grow the IPW business.

Capital Raising Timetable

We are currently undertaking a capital raising process for the IPW acquisition. Key dates are:

Wednesday 10th July 2019¹	Lodgement of Prospectus
Friday 9th August 2019	General Meeting seeking approval for the acquisition and capital raising
Monday 12th August 2019¹	Closing date of the offer
Tuesday 13th August 2019¹	Allotment & issue of shares
Wednesday 14th August 2019¹	Completion of the acquisition, issue of the Consideration Securities and commencement of Trading

1. These dates are indicative only and may be subject to change



Outlook

As a group, we are excited about the year ahead and look forward to updating shareholders on key milestones and happenings across the business. We will focus our efforts on the successful integration of IPW into the GO2 group and profitability in the core GO2 business, using this as a platform to increase the exposure of the Company in the market place and broader community.

Yours Sincerely,

Billy Ferreira
Managing Director
The GO2 People Ltd

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About The GO2 People

The GO2 People Ltd (ASX:GO2) is a leading provider of vertically integrated recruitment, training 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 delivers small low risk projects, through a range of building and project management services, to key strategic clients in remote and regional areas of Australia. 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

