

The GO2 People Update on Working Capital Initiatives

4 November 2019: Leading provider of vertically integrated recruitment and training services, The GO2 People Ltd (ASX:GO2) ("The GO2 People", "GO2" or "the Company") provides the following update in respect to the working capital initiatives identified in its Annual Report.

As disclosed in the Company's Annual Report to shareholders for the year ended 30 June 2019, management and the Board are focused on the following three key initiatives to manage the Company's working capital position and fund ongoing growth in its core labour hire business:

- 1) The Company recently outlined its strategy to consolidate the core recruitment business during FY20, which included a restructure of overhead costs to drive profitability and EBITDA improvement. As such, overhead levels have been reduced from FY19 levels by circa \$3.5m on an annualised basis. Progress is being made on the back of this initiative, however the benefit of these cost savings is likely to occur in the second half of the year, with redundancy costs incurred in the first half.
- 2) To ensure adequate funding is in place to deliver the Company's objectives, the Company is intending to undertake a 1:1 non-renounceable rights issue to current shareholders at 1.6c (representing a 20% discount to the 30 day VWAP leading up to this announcement), with a free 1:2 attaching 12 month option at an exercise price of 4.0c. The relevant documentation is currently being finalised and will be lodged with the ASX in the next few weeks, which will include further detail of the timetable for the offer.
- 3) The Company has engaged with its Lenders to provide additional advances against the Company's trade receivable book, and a further announcement will be released once the new facility has been finalised. In the interim, to further assist its working capital position, the Company has entered into a 6-month payment plan with the Australian Tax Office for its recent quarterly GST payment.

All of the above initiatives will assist the Company's cash position and the execution of the FY20 strategic plan.





Managing Director Billy Ferreira: "The Company has made progress towards its operational objectives for FY20 on the back of recent restructuring. The impending capital raise, and additional capital management strategies we have in place, will further assist the continued consolidation of GO2."

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The GO2 People Ltd

The GO2 People Ltd (ASX:GO2) is a leading provider of vertically integrated recruitment and training 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. GO2 Skills & Training is a nationally Registered Training Organisation (RTO 40927), delivering both accredited and non-accredited workplace training and education courses.

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

