

IPW Acquisition Update / Restructure of GO2 Operations & Board Changes

Highlights

- Satisfaction of Conditions Precedent to IPW Acquisition ongoing
- Vested Equities appointed as new Lead Manager to complete capital raise
- Restructure of GO2 existing operations to focus on delivery of sustainable earnings, and Board Changes

6 June 2019: The GO2 People Limited (ASX:GO2) ("The GO2 People" or "the Company") provides the following update on the proposed acquisition of Industry Pathways Pty Ltd ("IPW") and the restructure of its existing business to prepare for the integration of IPW and to focus on the delivery of sustainable earnings.

IPW Acquisition

As announced on 23 April 2019, the Company has executed a Share Purchase Agreement ("SPA") to acquire nationally Registered Training Organisation, IPW. Since the execution of the SPA, the Company has been working towards the satisfaction of the Conditions Precedent as set out in the Company's announcement of 23 April 2019 - in particular, the Company successfully obtaining equity funding sufficient to fund the Cash Consideration (plus the Company's legal and other fees and costs associated with the capital raising, together with funding for working capital)



New Lead Manager

The Company initially appointed Gobarralong Capital Pty Ltd as Lead Manager in a share placement in order to satisfy the condition noted above. To date, the Company and Gobarralong Capital have been unable to procure the minimum subscription of \$2.7 million.

The Company has now appointed Vested Equities ("Vested") to act as Lead Manager. 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.

The Company anticipates that an Extraordinary General Meeting of shareholders will be held in late July to seek approval, amongst other things, for the placement of shares to be issued pursuant to the capital raising.

The Company further anticipates that the other conditions precedent in the IPW SPA, as detailed in the Company's ASX release of 23 April 2019, will be satisfied by the end of July 2019 in accordance with the SPA terms. The Company's intention is for its securities to remain suspended from trading on the ASX until such time as it has satisfied or waived all conditions precedent under the SPA.

Operational Restructure

As noted in the Company's quarterly activities update, the Company's aim has been to develop a platform to provide consistent top line growth with the aim of tripling its business operations three years from its public listing. This strategy was always expected to impact on short term earnings and cashflow as the overhead structure to support that revenue growth strategy increased.

Since listing in October 2017, the Company has demonstrated strong growth in its Labour Hire Division, having increased revenue from \$34.1 million for the year ended 30 June 2017, to \$37.8 million for the year ended 30 June 2018 (including its first 8 months as a listed company), to expected revenue of approximately \$44.1 million for the year ending 30 June 2019.



Having now reached a sufficient threshold level of revenue, the Company has more recently been busy putting foundations in place to achieve positive EBITDA and positive operating cashflow in FY20, which has included the restructure of its existing operations to focus on its core recruitment services with the resulting reduction in overheads and cash outflows. This has also involved a reduction in focus in actively pursuing building work, and instead responding to client demand for building services via our Labour Hire and Facilities Management activities.

Board Changes

In line with the restructure outlined above, coupled with other personal commitments, GO2 advises that Mr Peter McMorrow has resigned from the Board. Following the successful completion of the capital raise and the completion of the IPW acquisition, the Company expects to be in a position to make a further announcement regarding Board composition.

The Board would like to sincerely thank Mr McMorrow for his guidance and contribution throughout his tenure as a Non-Executive Director and wishes him well in his future endeavors.

Summary / Outlook

With the proposed addition of Industry Pathways (which over the past 3 years, has seen consistent growth in revenue & profitability and is expected to generate EBITDA of \$2.0 million for its current owner in FY19), the combined group will be well-placed to report positive earnings in FY20 and beyond.

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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. 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

