

## The GO2 People enters into Strategic Alliance and Loan Agreement with Go2 Skills & Training

### Highlights

- The GO2 People has entered into an Alliance Agreement with Go2 Skills & Training Pty Ltd to develop and enhance their respective services.
- The Company has first right of refusal to acquire Go2 Skills & Training Pty Ltd with discussion on the potential acquisition continuing
- Significant synergy between entities includes common clientele and industry sector expertise
- Agreement offers key strategic benefit to the Company's recruitment and building divisions to develop workforce in a thinning labour market
- GO2 Skills & Training repayment of loans and Loan Agreement to recover loans written down prior to IPO

July 23<sup>rd</sup> 2018: Leading provider of vertically integrated recruitment and building services The GO2 People Limited (ASX:GO2) ("The GO2 People" or "the Company") is pleased to announce that it has entered into an Alliance Agreement ("Agreement") with Go2 Skills & Training Pty Ltd ("Go2 S&T") to develop and enhance their respective services.

Go2 Skills and Training is a nationally Registered Training Organisation (RTO 40927), delivering industry specific training and education to the construction and resources sectors. GO2 S&T is owned by The Go2 People founders Mr. Billy Ferreira and Mr. Paul Goldfinch. Although branded as part of the GO2 Group, the business was not included in the Initial Public Offer for The GO2 People Limited, as it was in the process of renewing accreditation under the Australian Skills Quality Authority ("ASQA") and establishing its presence in the market at the time.

The Agreement formalises the provision of certain administrative services and office support provided by the Company to Go2 S&T on an arm's length basis, and GO2 People will charge a License Fee for the use of the "Go2" brand. Go2 S&T will use its endeavors to promote the interests of the Company throughout the clientele serviced by Go2 S&T.



Importantly, the Agreement also provides the Company with a first right of refusal to acquire Go2 S&T. The parties have been discussing the potential acquisition of Go2 S&T by the Company as, now that the issues which prevented it being included in the IPO have been resolved, it is seen as a more suitable strategic fit in light of the upskilling of employees required to fill capacity for the shortage in the labour market expected in the coming periods. The Company does not expect to outlay any additional capital to effect any potential acquisition, which is likely to be subject to valuation by an independent expert.

In addition, the Company and GO2 S&T share common clientele and expertise in the construction and resources sectors. Together, it is expected this will provide a key point of difference to the Company moving forward.

The Company currently uses the services of Go2 S&T for its existing staff and recruits. Other than the shared services pursuant to the Agreement, Go2 S&T is run independently with limited involvement from either Mr. Ferreira and Mr. Goldfinch. The potential acquisition would provide for further synergies to both entities and additional value to its client and employee base.

The Company has also entered into a Loan Agreement with Go2 S&T on commercial and arms-length terms in respect to the \$525,810.51 owing to the Company. As disclosed in the prospectus and the Company's annual reports, the full amount of the loan, which had been advanced whilst the entities were within a privately held group, had been fully impaired in the financial statements of the Company.

Subsequent to listing on the ASX, \$112,390 has been repaid to date and the Loan Agreement provides for further repayments of \$15k plus interest each month until the Loan is fully repaid or offset against any potential acquisition consideration. The Loan is unsecured, and interest is charged at a rate of 7% per annum.

The parties will continue to discuss the potential consolidation of Go2 S&T into The Go2 People Limited Group and will advise when a Heads of Agreement or Sale and Purchase agreement is entered into. Any acquisition may require shareholder approval which, if applicable, will be sought at the Company's 2018 Annual General Meeting in the coming months.

**Company Chair Darren Cooper:** "Formalising an agreement between the entities is a natural progression from the current arrangement, particularly given the clear business synergies. This reinforces the Company's ambition to develop a multi-dimensional business as a key point of difference which we feel will ultimately drive revenue and bottom line growth. It also signifies the commitment we have to developing our people."





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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)

