

GO2 to Acquire Hunter Executive Search Consultants

Highlights

- **Hunter Executive Search Consultants is a leading permanent and contract recruitment company based in Perth with attractive client base**
- **Highly synergistic businesses with significant cross sell potential and scalability**
- **Earnings accretive acquisition, with 100% of acquisition consideration in the form of GO2 shares to the Vendors, escrowed up to September 2022**
- **Owners to remain in place in key management positions to continue to grow the business**
- **Completion subject to GO2 shareholder approval and other conditions precedent**

4 January 2021: The GO2 People Ltd (ASX:GO2) ("The GO2 People", "GO2" or "the Company") is pleased to announce the acquisition of Perth based recruitment company, Hunter Executive Search Consultants ("Hunter").

Hunter is a leading Australian recruitment company specialising in permanent and contract placements for the Executive, Engineering, Resources, Environment and Water industries. Founded in 2013 by Directors Ben Oakley and Gregor McNally ("Vendors"), it is a highly regarded business that maintains successful, long term relationships with many of Australia's leading companies. Both Ben and Gregor work as principal consultants in the Hunter business and have over 15 years of experience within the recruitment industry. Like GO2, Hunter has a strong ethos on working ethically, honestly and responsibly to provide its clients and candidates with a service that is second to none.



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The GO2 and Hunter businesses are highly synergistic, and the acquisition represents significant cross-sell opportunities into the respective clients and key operating sectors which are expected to drive organic growth within the Group. GO2 will continue to focus on blue collar labour hire whilst Hunter will complement this with the introduction of their white collar permanent and contract recruitment service which will see the Company offer a full suite of recruitment services.

GO2 expects Hunter to contribute revenues of circa \$3.3 million p.a. with strong profit margins which will improve GO2 margins. To maximise this moving forward, GO2 will provide appropriate resources and back-office support to Hunter to assist with the scaling up of its business. In addition, the Company will also benefit from a sharing of overhead costs with the Hunter business upon completion.

Ben Oakley and Gregor McNally will join the GO2 executive team and maintain their roles as principal consultants within the Hunter business. They will, in conjunction with other GO2 executives, access synergies and manage the minimal integration required. There will be no immediate changes to the GO2 Board or Key Executive Team, albeit that GO2 intends appointing an additional independent non-executive director prior to 30 June 2021.

GO2 Managing Director Billy Ferreira: "The acquisition of Hunter is highly complementary to our current recruitment business and falls within our strategic growth plan. Importantly, it remains within our core specialisation of recruitment and we look forward to accessing the synergies which will drive organic growth in the future. We've indicated our intent to grow the business whilst continuing to focus on cash generation and profitability above all else and, on the back of consolidation of the Company in FY20, this is another step in the right direction."



Summary of the key terms of the Acquisition

(a) **Consideration**

Hunter will be acquired for scrip consideration in the form of GO2 Shares (Consideration Shares).

The aggregate initial scrip consideration will be equivalent to \$900,000 (Initial Scrip Consideration).

The Initial Scrip Consideration will be issued at a deemed price per Consideration Share equivalent to the 7 Day VWAP, subject to:

if the 7 Day VWAP is less than 3 cents, the deemed issue price per Consideration Share of the Initial Scrip Consideration will be 3 cents per Consideration Share (being 30,000,000 fully paid ordinary shares); alternatively

if the 7 Day VWAP is greater than 5 cents, the deemed issue price per Consideration Share of the Initial Scrip Consideration will be 5 cents per Consideration Share being 18,000,000 fully paid ordinary shares.

The aggregate deferred scrip consideration will be equivalent to 3 times the net profit (being operating profit before interest and dividends) of Hunter Executive for FY21, less the \$900,000 Initial Scrip Consideration (Deferred Scrip Consideration).

The Deferred Scrip Consideration will be issued on the Deferred Calculation Date at a deemed issue price per Consideration Share of the Deferred Scrip Consideration equivalent to the 14 Day VWAP. The Deferred Calculation Date will follow the release of GO2 Annual Report for the year ended 30 June 2021.

The issue of the total Consideration Shares will be subject to Shareholder approval.



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To provide further information on the deferred scrip consideration calculation, GO2 has prepared the following table as an example of possible value of the deferred script consideration based on a range of Hunter Executive's operating profit for the financial year ended 30 June 2021:

Scenario	Hunter Executive Operating Profit	Value of Deferred Consideration (Operating Profit x3, less \$900,000)
FY 21 Results in line with FY20	\$299,600	\$-
FY 21 Results are 50% growth on FY20	\$449,400	\$448,200
FY 21 Results are 100% growth on FY20	\$599,200	\$897,600

Note that the numbers above are not forecasts for Hunter Executive and should not be relied upon as earnings guidance for Hunter Executive.

In addition, GO2 has prepared the following table as to the number of shares that could be issued to the Vendors:



	Issue Price			
	Initial consideration equivalent to \$900,000	7 Day VWAP 3c	Current 7 Day VWAP 3.2c	7 Day VWAP 5c
Consideration Shares - Initial Scrip Consideration	Shares to be Issued	30,000,000	28,125,000	18,000,000
	Issue Price			
	Operating Profit FY21:	Current 14 Day VWAP 3.4c	14 Day VWAP 4.5c	14 Day VWAP 5c
Consideration Shares – Deferred Scrip Consideration	\$299,600	Shares to be issued	-	-
	\$449,400	Shares to be issued	13,182,353	9,960,000
	\$599,200	Shares to be issued	26,400,000	19,946,666
			17,951,999	

Current 7 and 14 Day VWAP as of 23 December 2020

Finally, the parties have agreed that Hunter Executive will have a working capital cash balance of \$150,000 as at the Completion Date

(b) **Conditions Precedent**

Completion of the sale and purchase of the Sale Shares under the Acquisition Agreement is subject to the following conditions



precedent as noted below being satisfied or waived by the parties to the Acquisition Agreement in writing):

- (a) the Buyer completing its financial, tax and legal due diligence on the Company and its associated business to its satisfaction
- (b) the Sellers completing their financial, tax and legal due diligence on the Buyer and its associated business to their satisfaction;
- (c) receipt of all shareholder and regulatory approvals and consents required under or in connection with the Transaction;
- (d) receipt of relevant contractual counterparty consents to the change of control or assignment under all material business contracts and property leases entered into by the Company;
- (e) the retention of Benjamin Oakley and Gregor McNally and execution of Employment Agreements with such individuals, in executive management positions at the Company;
- (f) the Buyer not being the subject or a takeover offer for 100% of the Buyer's shares;
- (g) all related party loans being repaid or otherwise discharged by the Company prior to Completion;
- (h) the discharge of all Encumbrances over the Sale Shares and the assets of the Company;
- (i) the Sellers and the Company (if applicable) waiving all restrictions on transfer (including pre-emption rights, tag along rights, first rights of refusal and minimum notice periods) that might exist in respect of the Sale Shares or that might otherwise restrict or prevent Completion from occurring;
- (j) the warranties provided under the agreement being accurate as at Completion and the parties not otherwise being in breach of their obligations under the agreement;



- (k) no material adverse change having occurred in respect of the Transaction Entities in the period between the signing date of this agreement and Completion; and
- (l) no material adverse change having occurred in respect of the Buyer in the period between the signing date of this agreement and Completion (noting that a change in share price of the Buyer shall not be considered to be a material adverse change).

(c) **No Capital Raising**

The Company will not be undertaking any capital raising in connection with the Acquisition. Post transaction no Vendor will hold more than 20% of the issued capital of GO2

(d) **Proposed timetable**

The Company's indicative timetable for the Acquisition is set out below:

	Event	Proposed Date
1.	Announcement of Acquisition	04 January 2021
2.	Notice of General Meeting sent to Shareholders	15 January 2021
3.	General Meeting	12 February 2021
4.	Completion of Acquisition	15 February 2021

This timetable is a proposed indicative timetable only and the Board reserves the right to vary the dates.



The Company has made a positive start to FY21 and looks forward to reporting its reviewed half year results to its shareholders and the broader market in early 2021.

Issued by: The GO2 People Ltd

Approved by: The Board of The GO2 People Ltd

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About The GO2 People

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.

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.

To learn more please visit: www.thego2people.com.au



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