



## **CHAIR ADDRESS - GEOOP LIMITED 2017 AGM**

Good morning ladies and gentlemen. It is now just after 11.00am and I would like to extend a warm welcome to the GeoOp Annual General Meeting for 2017. My name is Roger Sharp and I will chair today's meeting.

Before we get underway, I would like to introduce you to my fellow Directors Viv Brownrigg and Anna Cicognani. We have an apology from our Sydney-based Non-Executive Director, Tim Ebbeck.

I'd also like to acknowledge the presence of Andrew Boivin, the audit partner for GEO from the company's auditors, Deloitte.

Please could you check that your mobile phones have been switched off and note that photographic equipment and recording devices may not be used during the meeting.

The Company's constitution prescribes that a quorum of three shareholders should be present. I can confirm that a quorum is present and that no other items of business have been notified therefore we will work to the agenda published with the Notice of Meeting. I now formally declare the meeting open.

The Notice of Meeting and Explanatory Statement were dispatched to shareholders on 28 November 2017 in compliance with the Company's Constitution and I propose to take them as read.

I'd like to thank shareholders for their level of participation in today's meeting. Proxies have been appointed for the purposes of this meeting in respect of approximately 19,907,241 shares, representing over 46.03% of the total number of shares.

### **Chair Review**

Calendar 2017 has been a year dominated by preparations for the Company's proposed listing on ASX. After completing significant due diligence, legal and accounting processes and appointing two Sydney-based directors, a prospectus was registered with ASIC and the minimum capital raise target of A\$2m was well on track to being achieved.

Our advisors structured the offer to meet the ASIC and ASX criteria for migrating to Australia. However, just prior to the offer close, ASX imposed restrictions on the offer that made it almost impossible for us to list. After much discussion and debate, your Directors initiated a dialogue with NZX to remain in New Zealand and to migrate from NZAX to the Main Board. We then withdrew the ASX offer.

It is tempting to be drawn into a discussion about ASX. All I will say is that GEO needs access to capital and liquidity, and it cannot subject itself to prohibitive restrictions that would preclude it



from tapping the equity markets as opportunities arise. So, we elected to stop, rethink, and stay at home. The NZX has been very constructive in this process.

The process took 9 months and cost GEO money. However, there is little point dwelling on the negatives. Our job is to move this business forward and that is what we are doing. There are three significant positives that we can take from this process:

1. your business continued to grow this year, notwithstanding the distraction of an IPO
2. GEO's cash burn is going down
3. The due diligence and prospectus processes have delivered a clean business which provides confidence for the future.

The ASX IPO was scheduled to close three months before GEO would need more cash. This meant that any major delay or change in strategy would require new funds to be put in place urgently.

When the decision was taken to withdraw from ASX, your company immediately sought to put a liquidity line in place. Because of the shortage of time and proximity to year end, your Directors decided to fund the business themselves. We all agreed to take much of our remuneration in equity rather than in cash, Viv Brownrigg repaid her \$200k Director loan a year early to inject cash into the business and my family trust made a \$1.5m convertible loan. All of this was aimed at enabling GEO to calmly go about its business without further interruption, to return to NZX and continue reducing its cash burn.

I would like to take this opportunity to thank my fellow directors for the significant contribution they have made of time and money to the cause. You are dealing with people who have taken little or no cash out of this business, despite the significant services they have rendered, and are also putting their own hard cash into the Company. We are doing all of this because we believe in GEO, and shareholders should take confidence from that.

The business has resumed a laser focus on three things since we left ASX behind us:

1. Reducing the cash burn
2. Launching a modern user interface for GeoService, which will fundamentally improve the core product experience
3. Building the Enterprise sales pipeline for GeoSales and GeoCare

There are positive signs. The Company's operating cash loss before one-offs is currently running at significantly less than \$200,000 per month. We are working hard to get this business to cash flow break even and the gap is being narrowed all the time.

Cost reduction alone will not get us there: this company must grow. The new GeoService application will be launched in calendar 2018. It will make sign-ups for customers quicker and easier, it should reduce churn, and it will enable us to take out cost through shutting down the legacy platform over time.



The GeoSales and GeoCare pipelines are being built. New Enterprise clients typically have higher ARPUs and the potential to lift revenues in a meaningful way.

The Company has adjusted to its new circumstances. When GEO moves into profit, we intend reinvesting cash generated in additional sales and marketing so that we can grow faster.

Clearly the \$1.7m in available capital raised from Directors is already being spent and won't last forever, so we will undertake a modest rights issue and placement in the New Year to get to break even, then invest to speed up our growth profile.

The intention is to convert some of the convertible notes in the rights issue and redeem the balance for cash either from the rights issue or from future positive cash flows.

This isn't the way we had intended to finish 2017, but it's realistic and there are encouraging signs. If there's one core message I want to leave you with today, it's that GEO is moving forward.