Geo Limited

Independent Adviser's Report and Appraisal Report

In Respect of the Issue of Convertible Notes to North Ridge Partners Pty Limited

Appraisal Report

In Respect of the Issue of Shares to Roderick Snodgrass

October 2019

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transactions considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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1. Introduction

1.1 Background

Geo Limited (**Geo** or the **Company**) is a software-as-a-service (**SaaS**) business that provides workforce management solutions for mobile field sales and service teams. The business is based in Sydney, Australia and employs around 40 people in 5 countries.

Geo's shares are listed on the main equities securities market (the **NZX Main Board**) operated by NZX Limited (**NZX**) with a market capitalisation of $7.4 million as at 24 October 2019. Its audited total equity was $2.4 million as at 30 June 2019.

A profile of Geo is set out in section 5.

1.2 2019 CNs

Geo and North Ridge Partners Pty Limited (**North Ridge**) entered into a Convertible Note Agreement dated 23 August 2019 (the **2019 CNs Agreement**), under which Geo proposes to issue up to $2.0 million of convertible notes (the **2019 CNs**) to North Ridge.

The key terms of the 2019 CNs are:

- a total commitment of up to $2.0 million:
  - $1.5m in agreed commitments
  - an additional commitment of $0.5 million may also be made if agreed between Geo and North Ridge
- a term of 3 years from the date of the 2019 CNs Agreement – ie up to 22 August 2022 (the **Final Repayment Date**))
- an interest coupon of 6.0% per annum, compounded daily and payable quarterly in arrears
- the 2019 CNs (including any accrued but unpaid interest) may be converted into Geo ordinary shares at any time up until the Final Repayment Date at $0.10 per share (the **Conversion Price**)
- Geo may buy back all (but not part) of the 2019 CNs before they are converted into ordinary shares at a premium of 25% of the face value of the 2019 CNs
- a 5% placement fee (the **Placement Fee**) will be paid in cash to North Ridge on the full $2.0 million facility
- the issue of the 2019 CNs is conditional on Geo obtaining any required approvals of its shareholders under the NZX Listing Rules (the **Listing Rules**) at Geo's 2019 annual meeting of shareholders
- the conversion of the 2019 CNs and any accrued but unpaid interest into ordinary shares (the **North Ridge Allotment**) is conditional on Geo obtaining any required approvals of its shareholders under the Takeovers Code (the **Code**) at Geo's 2019 annual meeting of shareholders or by the Final Repayment Date.

1.3 North Ridge Associates

North Ridge, together with its associates, is Geo's largest shareholder. North Ridge is an independent merchant bank that invests in and advises technology companies throughout the Asia Pacific region.

North Ridge and its associates currently hold 24,298,261 ordinary shares in Geo, representing 29.75% of the total ordinary shares on issue. The shares are held by:

- North Ridge – 471,778 ordinary shares (0.58%) – in its own capacity
- North Ridge – 473,252 ordinary shares (0.58%) – as trustee of the Co-Investor No.1 Fund (an investment fund managed by North Ridge)
- Wentworth Financial Pty Limited (**Wentworth**) – 9,206,977 ordinary shares (11.27%) – in its capacity as trustee of the Wentworth Trust. Wentworth is a shareholder in North Ridge
- 30 unit holders in the Co-Investor No.3 Fund (the **Unit Holders**) – 6,680,622 ordinary shares (8.18%) – pursuant to an Investment Management Agreement managed by North Ridge
- VBS Investments Pty Limited (**VBS**) – 6,013,051 ordinary shares (7.36%) – VBS is a shareholder in North Ridge
- Valuestream Investment Management Limited (**Valuestream**) – 1,452,581 ordinary shares (1.78%) – in its capacity as trustee of the Co-Investor No.3 Fund (an investment fund managed by North Ridge).

We refer to North Ridge, Wentworth, the Unit Holders, VBS and Valuestream collectively as the **North Ridge Associates**.

1.4 Impact on Shareholding Levels

The North Ridge Associates currently hold 29.75% of the Company's shares and the Company's shareholders not associated with the North Ridge Associates (the **Non-associated Shareholders**) currently hold 70.25%.

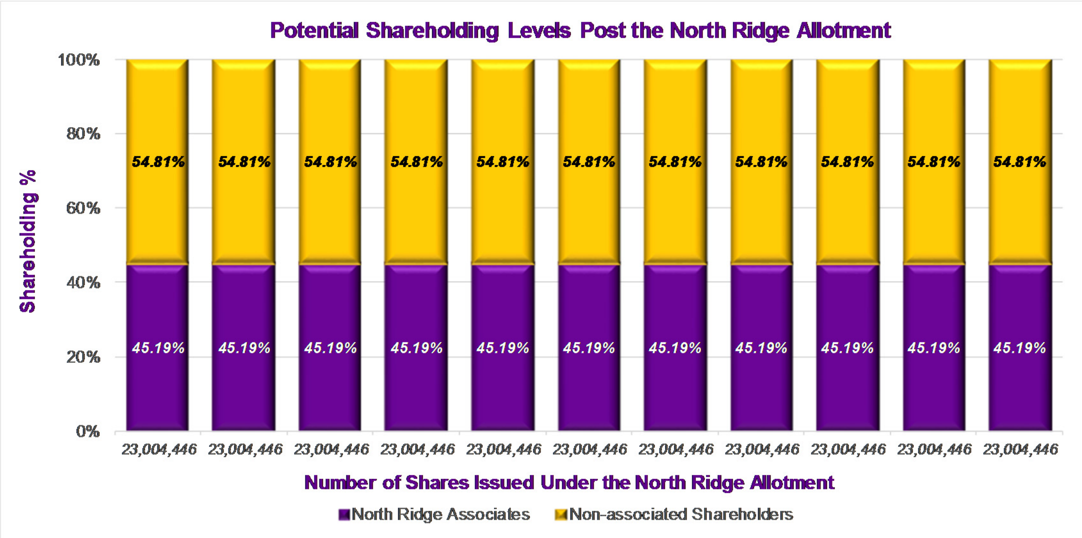
Assuming the full $2.0 million of 2019 CNs are issued to North Ridge, the maximum interest on the 2019 CNs is accrued but not paid (totalling $300,445) and the maximum number of 23,004,446 ordinary shares are issued under the North Ridge Allotment, then:

- the North Ridge Associates will hold 45.19% of the Company's shares
- the Non-associated Shareholders will hold 54.81% of the Company's shares.

Maximum Impact of the North Ridge Allotment on Shareholding Levels

	North Ridge Associates		Non-associated Shareholders		Total
	Shares	%	Shares	%	Shares
Current	24,298,261	29.75%	57,371,536	70.25%	81,669,797
North Ridge Allotment	23,004,446	100.00%	-	-	23,004,446
Post the North Ridge Allotment	47,302,707	45.19%	57,371,536	54.81%	104,674,243

The graph below sets out the range of shareholdings for the North Ridge Associates and the Non-associated Shareholders based on the number of shares issued under the North Ridge Allotment.



This shows that following the North Ridge Allotment, the North Ridge Associates' shareholding will be between 29.75% and 45.19%.

1.5 Issue of Shares to Roderick Snodgrass

Roderick Snodgrass is an independent director of Geo.

The Company proposes to issue 300,000 fully paid ordinary shares to Mr Snodgrass (the **Snodgrass Shares**) for services performed outside his capacity as a director of the Company.

The services include Mr Snodgrass providing mentoring to Geo's chief executive officer and executive team on a series of "growth sprints" that are designed to build product and sales momentum quickly through adopting an "agile" approach.

1.6 Summary of Opinion

Takeovers Code

Our evaluation of the merits of the North Ridge Allotment as required under the Code is set out in section 2.

In our opinion, after having regard to all relevant factors, the positive aspects of the North Ridge Allotment outweigh the negative aspects from the perspective of the Non-associated Shareholders.

NZX Listing Rules

2019 CNs

Our evaluation of the fairness of the 2019 CNs as required under the Listing Rules is set out in section 3.

In our opinion, after having regard to all relevant factors, the terms and conditions of the 2019 CNs are fair to the Non-associated Shareholders.

Snodgrass Shares

Our evaluation of the fairness of the issue of the Snodgrass Shares as required under the Listing Rules is set out in section 4.

In our opinion, after having regard to all relevant factors, the terms and conditions of the issue of the Snodgrass Shares are fair to the Company's shareholders not associated with Mr Snodgrass (the **Non-Snodgrass Shareholders**).

1.7 Annual Meeting

The Non-associated Shareholders will vote at the Company's annual meeting of shareholders on 27 November 2019 on 2 ordinary resolutions in respect of the 2019 CNs and the North Ridge Allotment:

- resolution 1 – the issue of the 2019 CNs (the **2019 CNs Issue Resolution**)
- resolution 2 – the issue of a maximum of 23,004,446 ordinary shares upon the conversion of the 2019 CNs and any accrued but unpaid interest (the **North Ridge Allotment Resolution**).

We refer to 2019 CNs Issue Resolution and the North Ridge Allotment Resolution collectively as the **2019 CNs Resolutions**.

The 2019 CNs Resolutions are ordinary resolutions which are passed by a simple majority of votes of those shareholders entitled to vote and who vote on the resolutions.

The North Ridge Associates are not permitted to vote on the 2019 CNs Resolutions.

The Non-Snodgrass Shareholders will vote at the Company's annual meeting of shareholders on an ordinary resolution in respect of the Snodgrass Shares (resolution 3) (the **Snodgrass Shares Resolution**).

The Snodgrass Shares Resolution is an ordinary resolution.

Mr Snodgrass is not permitted to vote on the Snodgrass Shares Resolution.

1.8 Regulatory Requirements

Takeovers Code

Geo is a code company as defined by the Code and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls no voting rights or less than 20% of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company
- a person who holds or controls 20% or more of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company

unless done in compliance with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person to become a holder or controller of an increased percentage of voting rights by an allotment of voting securities in the code company if the allotment is approved by an ordinary resolution of the code company (on which neither that person, nor any of its associates, may vote).

The conversion of the 2019 CNs and accrued but unpaid interest will result in the North Ridge Associates increasing their control of the voting rights in Geo from 29.75% to up to 45.19%.

Accordingly, the Non-associated Shareholders will vote at the Company's annual meeting on the North Ridge Allotment Resolution in accordance with the Code.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

NZX Listing Rules

2019 CNs

Listing Rule 5.2.1 stipulates that an Issuer must not enter into a Material Transaction if a Related Party is a party to the Material Transaction or to one of a related series of transactions of which the Material Transaction forms part unless the Material Transaction is approved by way of an ordinary resolution from shareholders not associated with the Related Party.

The issue of the 2019 CNs is a Material Transaction as it has an aggregate value in excess of 10% of the Average Market Capitalisation of Geo.

North Ridge is a Related Party of the Company as it and its associated parties hold 29.75% of the Company's shares.

Roger Sharp is a Related Party of the Company as he is a director of Geo and is also a director of North Ridge.

Accordingly, the Non-associated Shareholders will vote at the Company's annual meeting on the 2019 CNs Issue Resolution in accordance with the Listing Rules.

Listing Rule 7.8.8 (b) requires an Appraisal Report to be prepared where a meeting will consider a resolution required by Listing Rule 5.2.1.

Snodgrass Shares

Listing Rule 4.1.1 stipulates that an Issuer must only issue Equity Securities with approval by ordinary resolution in accordance with Listing Rule 4.2.1.

Listing Rule 7.8.5 (b) requires an Appraisal Report to be prepared where a meeting will consider a resolution in respect of the issue of Financial Products (ie the Snodgrass Shares) as required by Listing Rule 7.8.4 and more than 50% of the Financial Products to be issued are intended or likely to be acquired by Directors or Associated Persons of Directors (ie Mr Snodgrass).

1.9 Purpose of the Report

The Company's directors not associated with North Ridge, being Sal Manga and Roderick Snodgrass (the **Non-associated Directors**) have engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the North Ridge Allotment in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 23 August 2019 to prepare the Independent Adviser's Report.

The Non-associated Directors have also engaged Simmons Corporate Finance to prepare an Appraisal Report on the fairness of the 2019 CNs in accordance with Listing Rule 7.8.8 (b).

Simmons Corporate Finance has also been engaged to prepare an Appraisal Report on the fairness of the issue of the Snodgrass Shares in accordance with Listing Rule 7.8.5 (b).

Simmons Corporate Finance was approved by NZX Regulation on 20 August 2019 to prepare the Appraisal Report.

Simmons Corporate Finance issues this Independent Adviser's Report and Appraisal Report to the Non-associated Directors for the benefit of the Non-associated Shareholders to assist them in forming their own opinion on whether to vote for or against the 2019 CNs Resolutions and for the benefit of the Non-Snodgrass Shareholders to assist them in forming their own opinion on whether to vote for or against the Snodgrass Shares Resolution.

This Independent Adviser's Report and Appraisal Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Merits of the 2019 CNs (Including the North Ridge Allotment)

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the North Ridge Allotment having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers* dated 14 March 2019
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

The North Ridge Allotment is a function of the 2019 CNs issue. Therefore when assessing the merits of the North Ridge Allotment, we are of the view that an assessment of the merits of the 2019 CNs also needs to be undertaken.

We are of the view that an assessment of the merits of the 2019 CNs (including the North Ridge Allotment) should focus on:

- the rationale for the 2019 CNs
- the terms and conditions of the 2019 CNs
- the impact of the 2019 CNs on Geo's financial position
- the impact of the 2019 CNs on the control of the Company
- the impact of the 2019 CNs on Geo's share price
- the benefits and disadvantages for the North Ridge Associates of the 2019 CNs
- the benefits and disadvantages for the Non-associated Shareholders of the 2019 CNs
- the implications if the 2019 CNs Resolutions are not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the 2019 CNs (Including the North Ridge Allotment)

Our evaluation of the merits of the 2019 CNs (including the North Ridge Allotment) is set out in detail in sections 2.3 to 2.14.

The 2019 CNs will provide up to $2.0 million of funding to Geo, which the Company's board of directors (the **Board**) considers sufficient to fund the Company's operations for the remainder of the 2020 financial year.

The North Ridge Allotment will enable North Ridge to convert the 2019 CNs and any accrued but unpaid interest into new ordinary shares and therefore Geo will not need to repay the loans in cash when they mature.

The North Ridge Associates currently hold 29.75% of the Company's ordinary shares. Following the North Ridge Allotment, the North Ridge Associates will hold between 29.75% and 45.19% of the Company's ordinary shares (depending on the number of 2019 CNs North Ridge subscribes for, how much interest is accrued but unpaid and how many of those 2019 CNs and how much of the accrued but unpaid interest are converted into ordinary shares).

In summary, the key positive aspects of the 2019 CNs (including the North Ridge Allotment) are:

- the rationale for the 2019 CNs is sound. The issue of the 2019 CNs will provide up to $2.0 million of funding for the Company, ensuring Geo will have sufficient capital to continue to fund its operations and pursue its growth initiatives through 2020
- the rationale for the North Ridge Allotment is sound. It preserves Geo's cash resources by converting interest bearing debt to equity
- the terms of the 2019 CNs are reasonable:
  - the 6.0% coupon is favourable to the Company as it is significantly lower than what we expect Geo would have to pay on an unsecured 3 year loan
  - the Conversion Price of $0.10 per share is at a premium to the Company's current share price
  - we assess the value of each $1 2019 CN to be in the range of $0.820 to $0.887
  - the Placement Fee is not unreasonable, especially when viewed in conjunction with the value of the 2019 CNs
- the 2019 CNs and the North Ridge Allotment will have a positive impact on the Company's financial position, raising up to $2.0 million of interest bearing debt which may be converted into equity

In summary, the key negative aspects of the 2019 CNs (including the North Ridge Allotment) are:

- the North Ridge Associates' shareholding will increase from 29.75% to up to 45.19% following the North Ridge Allotment, significantly increasing their ability to influence the outcome of shareholder voting
- the dilutionary impact of the North Ridge Allotment on the Non-associated Shareholders will result in their proportionate shareholdings in the Company reducing by up to 22.0% following the North Ridge Allotment
- the attraction of Geo as a takeover target may diminish to a minor degree.

The North Ridge Allotment is unlikely to have any significant impact in the near term on:

- Geo's share price as the Conversion Price is higher than the Company's current share price
- the liquidity of Geo's ordinary shares as the number of shares held by the Non-associated Shareholders will not change.

If the 2019 CNs Issue Resolution is not approved by the Non-associated Shareholders, the 2019 CNs will not be able to be issued, resulting in the need for Geo to raise additional capital in a relatively short timeframe to fund its operations.

If the 2019 CNs Issue Resolution is approved but the North Ridge Allotment Resolution is not approved, then the 2019 CNs will be issued but the 2019 CNs issued to North Ridge will not be able to be converted into ordinary shares. Geo will need to repay in cash all of the 2019 CNs issued to North Ridge and all accrued but unpaid interest when those 2019 CNs mature. This will deplete the Company's cash reserves and will most likely require Geo to source additional funding.

There are a number of positive and negative features associated with the 2019 CNs and the North Ridge Allotment. In our view, when the Non-associated Shareholders are evaluating the merits of the 2019 CNs and the North Ridge Allotment, they need to carefully consider whether the negative aspects of the 2019 CNs, including the increase in the level of control that the North Ridge Associates will hold over the Company and the dilutionary impact, could justify voting against the 2019 CNs Resolutions with the outcome that the Company will need to seek alternative sources of capital within a relatively short timeframe in order to continue to fund its operations and pursue its growth initiatives.

In our opinion, after having regard to all relevant factors, the positive aspects of the 2019 CNs (including the North Ridge Allotment) outweigh the negative aspects from the perspective of the Non-associated Shareholders.

2.3 Rationale for the 2019 CNs

Geo had cash and cash equivalents of $1.0 million as at 30 June 2019 and its monthly cash burn in the second half of the 2019 financial year was in the vicinity of $0.19 million. At this level of monthly cash burn, Geo will utilise all of its cash reserves by the end of the 2019 calendar year.

The primary intended use of funds is to provide working capital to achieve significantly higher growth rates and to fund the Company's operations through 2020. Geo's growth initiatives are set out in section 5.4.

The secondary objective is to undertake a selective buyback of unmarketable parcels. As at 23 August 2019 (being the date of the announcement of the 2019 CNs), Geo had 1,382 shareholders of whom approximately 50% held parcels of less than 2,000 shares. The total number of these shares accounted for less than 1% of the Company's shares on issue. Approximately $60,000 is expected to be utilised for the buyback. The buyback will be undertaken after the 2019 annual meeting of shareholders and will be subject to a class exemption under the Code (contained in Takeovers Code (Class Exemptions) Notice (No 2) 2001).

We consider the rationale for the 2019 CNs and the North Ridge Allotment to be sound:

- the 2019 CNs will provide up to $2.0 million of much needed capital to fund Geo's operations and growth initiatives in 2020 and enable the Company to undertake a selective buyback of unmarketable parcels
- the North Ridge Allotment will preserve the Company's cash resources by converting interest bearing debt and accrued but unpaid interest to equity.

2.4 Terms of the 2019 CNs

The key terms of the 2019 CNs are:

- a total commitment of up to $2.0 million:
  - $1.5m in agreed commitments from North Ridge, to be drawn down in 3 equal tranches of $0.5 million on or before 1 January 2020, 31 March 2020 and 30 June 2020
  - if agreed between Geo and North Ridge, an additional commitment of $0.5 million may also be made available between 30 June 2020 and 31 December 2020
- each 2019 CN has a face value of $1
- a Final Repayment Date of 3 years from the date of the 2019 CNs Agreement (ie 22 August 2022)
- an interest coupon of 6.0% per annum, compounded daily and payable quarterly in arrears. Geo may choose to pay interest in cash or issue further shares with the number of shares to be issued in lieu of interest payments to be calculated by dividing the amount of interest owing by the Conversion Price
- North Ridge may convert some or all of the 2019 CNs (including any accrued but unpaid interest) into Geo ordinary shares at any time up until the Final Repayment Date at the Conversion Price of $0.10 per share
- Geo may buy back all (but not part) of the 2019 CNs before they are converted into ordinary shares at a premium of 25% of the face value of the 2019 CNs (ie $1.25 per 2019 CN)
- any 2019 CNs that have not been repaid or converted into ordinary shares at the Final Repayment Date will be converted into ordinary shares at the Conversion Price on the Final Repayment Date
- the 2019 CNs are unsecured
- North Ridge can assign, in whole or in part, all of its rights to and interests in the 2019 CNs to any person

- if the Company undertakes a capital raising to ordinary shareholders or investors, North Ridge may convert the same percentage of the 2019 CNs as the number of shares issued under the capital raising represents of the total ordinary shares on issue prior to the capital raising
- the issue of the 2019 CNs is conditional on Geo obtaining any required approvals of its shareholders under the Listing Rules at Geo's 2019 annual meeting of shareholders
- the North Ridge Allotment is conditional on Geo obtaining any required approvals of its shareholders under the Code at Geo's 2019 annual meeting of shareholders or no later than the Final Repayment Date.

We are advised that North Ridge will offer the 2019 CNs to the Company's major shareholders and other parties, at its discretion. Geo will not make a pro rata offer of the 2019 CNs to all shareholders. North Ridge will attempt to place the 2019 CNs with parties other than North Ridge. However, approvals will be sought from the Non-associated Shareholders for the conversion of the maximum number of 2019 CNs and accrued but unpaid interest under the North Ridge Allotment.

Under the terms of an engagement letter between Geo and North Ridge dated 12 September 2019 (the **NR Engagement Letter**), Geo has agreed to pay North Ridge a 5% Placement Fee in cash on the full $2.0 million facility. The Placement Fee (amounting to $0.1 million) is payable on the date on which the funds are first drawn down by Geo.

North Ridge intends paying part or all of the Placement Fee to third party investors who commit to investing in the 2019 CNs.

Size of the 2019 CNs Facility

We are advised that the $2.0 million facility was based on the financial modelling undertaken by Geo and North Ridge based on best, base and worst case scenarios for the Company's cash consumption based on various growth and cost sensitivities. The amount of $2.0 million was deemed to be sufficient to meet Geo's capital requirements for 2020.

Interest Rate

The interest rate payable on the 2019 CNs is 6.0% per annum, compounded daily and payable quarterly in arrears.

An interest rate of 6.0% per annum compounded daily equates to an annual interest rate of 6.18%.

We consider this interest rate to be extremely favourable to the Non-associated Shareholders as a company with a similar financial position to Geo issuing an unsecured bond would likely have to offer a coupon in the vicinity of 12.0% to 15.0%. This would equate to an interest cost of $240,000 to $300,000 per annum if the maximum facility of $2.0 million was drawn down, compared with $123,600 per annum based on the 6.0% interest rate compounded daily.

Conversion Price

The Conversion Price of $0.10 per share is equivalent or at a slight premium to the value of Geo's shares prior to the announcement of the 2019 CNs on 23 August 2019:

- a 5% premium to the share price on 22 August 2019 of $0.095
- equivalent to the one month volume weighted average share price (**VWAP**) up to 22 August 2019 of $0.100
- a 2% premium to the 3 months VWAP up to 22 August 2019 of $0.098.

Since the announcement of the 2019 CNs on 23 August 2019, the Company's shares have traded at a VWAP of $0.081. The Conversion Price is at a premium of 23% to the VWAP since 23 August 2019.

Valuation

We assess the value of each $1 2019 CN to be in the range of $0.820 to $0.887. Our valuation assessment is set out in section 6.

Placement Fee

The Placement Fee is akin to an underwriting fee. The payment of underwriting fees to an underwriter is a normal part of a capital raising (such as a rights issue or an issue of convertible notes).

The actual fee percentage varies and generally is a function of the discount of the issue price, the size of the issue and the assessment of the risk that the underwriter is assuming (ie the probability that the underwriter will be called upon to purchase any shortfall in subscriptions). Underwriting fees in New Zealand tend to be in the range of 1.5% to 5.0%.

The Placement Fee of 5.0% payable to North Ridge is at the upper end of the range of underwriting fees generally charged. However, when viewed in conjunction with the assessed value of the 2019 CNs of $0.820 to $0.887 per $1 2019 CN, we consider the Placement Fee of $0.05 per $1 2019 CN to be not unreasonable.

Conclusion

Based on the above, we consider the terms of the 2019 CNs to be fair, from a financial point of view, to the Non-associated Shareholders.

2.5 Alternatives to the 2019 CNs

As an alternative to the 2019 CNs, Geo could have considered alternative forms of raising capital including:

- undertaking a pro rata rights issue to all shareholders
- making a series of share placements to other investors
- the sale of assets
- seeking alternative debt funding.

We are advised by the Board that it considered both a rights issue and a share placement as alternative capital raising options but concluded that neither option provided certainty that the required level of capital would be raised.

We are of the view that the alternative funding sources are not realistic alternatives at this point in time. The $2.0 million of capital to be raised under the 2019 CNs represents approximately 30% of Geo's current market capitalisation. Such a proportionately large capital raising is unlikely to be successful via a rights issue (unless it was fully underwritten) or via a placement of shares to a party other than the Company's major shareholder. Given the nature of the Company's asset base, we do not consider that it could realise any level of significant capital from the sale of assets. Geo's current earnings levels restrict the Company from accessing external debt funding on commercially viable terms.

2.6 Impact on Financial Position

A summary of Geo's recent financial position is set out in section 5.10.

For illustrative purposes, the table below shows Geo's financial position assuming the full $2.0 million 2019 CNs are drawn down, the maximum $300,445 of interest is accrued but unpaid and the North Ridge Allotment occurred on 30 June 2019.

Illustrative Financial Impact of the 2019 CNs Issue and North Ridge Allotment

	As at 30 June 19 $000	2019 CNs $000	North Ridge Allotment $000	Post North Ridge Allotment $000
Current assets	2,139	2,000[2]	-	4,139
Non current assets	1,784	-	-	1,784
Total assets	3,923	2,000	-	5,923
Current liabilities	(1,485)	-	-	(1,485)
Non current liabilities	(12)	(2,300)[2]	2,300[3]	(12)
Total liabilities	(1,497)	(2,300)	2,300	(1,497)
Total equity	2,426	(300)[2]	2,300[3]	4,426
No. of shares (000)	81,008[1]		23,004[4]	104,012
Net assets per share	$0.030		$0.100[4]	$0.043
Net tangible assets (**NTA**) per share	$0.009		$0.100[4]	$0.026

1 Number of shares on issue as at 30 June 2019
2 Assumes the maximum amount of $2.0 million is drawn down and $0.3 million of interest is accrued but unpaid
3 Assumes the maximum amount of $2.3 million is converted into ordinary shares
4 Based on the Conversion Price of $0.10 per share

Source: Geo 2019 annual report

The illustrative financial position shows that following the 2019 CNs issue and the North Ridge Allotment, Geo's total equity would increase by $2.0 million from $2.4 million to $4.4 million and the Company would have no interest bearing debt.

Net assets per share would increase by 42% from $0.030 to $0.043 per share and NTA per share would increase by 189% from $0.009 to $0.026 (due to the Conversion Price being $0.10 per share).

2.7 Impact on Control

Share Capital and Shareholders

Geo currently has 81,669,797 fully paid ordinary shares on issue held by 1,403 shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders as at 18 October 2019 are set out in section 5.8.

Geo currently has 3 shareholders holding more than 5% of the Company's shares:

- Wentworth – 11.27%
- VBS – 7.36%
- Forsyth Barr Custodians Limited (**FBCL**) (on behalf of the Lindsay Investment Trust) – 7.18%.

The North Ridge Associates currently hold 29.75% of the Company's shares and the 10 largest shareholders collectively hold 46.62% of the Company's shares.

North Ridge Associates' Potential Shareholding Level

The North Ridge Associates' shareholding level following the North Ridge Allotment will be up to 45.19%.

We note that the Company's shareholders have previously approved the North Ridge Associates increasing their shareholding level up to levels higher than the maximum level that may arise under the North Ridge Allotment:

- on 5 May 2016, to a maximum of 51.57% following the acquisition of InterfaceIT Pty Limited (**IIT**) (the **IIT Acquisition**)
- on 11 December 2017, to a maximum of 50.91% upon the conversion of various loans provided by the North Ridge Associates to the Company.

Both transactions have now been completed and the North Ridge Associates currently hold 29.75% of the Company's voting rights.

Shareholding Voting

The North Ridge Associates' ability to influence the outcome of shareholder voting will be significant. The North Ridge Associates can currently block special resolutions (which require the approval of 75% of the votes cast by shareholders) but cannot block or pass ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders).

At the maximum shareholding level of 45.19% following the North Ridge Allotment, the North Ridge Associates will still (in theory) not be able to determine the outcome of any ordinary resolution they are permitted to vote on. However, in reality they may be able to singlehandedly determine the outcome of an ordinary resolution. This is because a number of shareholders in listed companies tend not to vote on resolutions and hence the relative weight of each shareholding increases.

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code, the Listing Rules and the Companies Act 1993.

Ability to Creep

After the North Ridge Allotment, the North Ridge Associates will control up to 45.19% of the Company's ordinary shares. However, individually, none of North Ridge, Wentworth, the Unit Holders, VBS or Valuestream will control more than 50% of the voting rights in the Company. Therefore, the North Ridge Associates will not be able to utilise the *creep provisions* of Rule 7(e) of the Code. The *creep provisions* enable entities that hold more than 50% and less than 90% of the voting securities in a code company to buy up to a further 5% of the code company's shares per annum without the need for shareholder approval.

Board Control

As set out in section 5.7, the Company currently has 3 directors, of whom one (Roger Sharp) is deemed to be an associate of North Ridge.

We are advised by the Board that the North Ridge Allotment will not change the composition of the Board.

Operations

We are advised by the Board that the North Ridge Associates' influence over Geo's operations is predominantly through its Board representation and that the North Ridge Allotment will not change the North Ridge Associates' level of influence over the Company's operations.

2.8 Dilutionary Impact

The North Ridge Allotment will result in the Non-associated Shareholders' shareholdings in the Company being diluted by between 17.5% (based on $1.5 million of 2019 CNs being issued) and 22.0% (based on $2.0 million of 2019 CNs being issued).

While the potential dilutionary impact is significant, we are of the view that the Non-associated Shareholders' main focus should be on whether there is any dilutionary impact on the value of their respective shareholdings rather than on their level of voting rights. As stated in section 2.4, we are of the view that the terms of the 2019 CNs are fair to the Non-associated Shareholders from a financial point of view and therefore should not result in any material transfer of value from the Non-associated Shareholders to the North Ridge Associates.

2.9 Impact on Share Price and Liquidity

Share Price

A summary of Geo's closing share price since 4 January 2017 is set out in section 5.12.

The shares issued under the North Ridge Allotment will be issued at the Conversion Price of $0.10 per share. As discussed in section 2.4, the Conversion Price is equivalent or at a slight premium to the value of Geo's shares prior to the announcement of the 2019 CNs on 23 August 2019 and is at a premium of 23% to the VWAP since 23 August 2019.

In our view, the 2019 CNs and the North Ridge Allotment are unlikely to have any significant impact on the Company's share price in the near term. However, if the capital raised from the 2019 CNs is successfully invested to execute Geo's growth initiatives, this may result in an appreciation in the Company's share price over the longer term.

Liquidity

The analysis in section 5.12 shows that Geo's shares are relatively thinly traded, with 18.4% of the shares being traded in the past year.

The North Ridge Allotment will not improve the liquidity of the Company's shares in the near term as the number of shares held by the Non-associated Shareholders will not change.

However, should the North Ridge Associates seek to dispose of some of their Geo shares following the North Ridge Allotment, this may result in increased trading in the Company's shares, thereby improving liquidity.

2.10 Key Benefits to the North Ridge Associates

The North Ridge Allotment provides the North Ridge Associates with the opportunity to increase their shareholding in Geo from 29.75% to up to 45.19% by converting up to $2.0 million of interest bearing debt plus up to $0.3 million of accrued but unpaid interest into equity.

2.11 Disadvantages to the North Ridge Associates

The key issues and risks that are likely to impact upon the business operations of Geo are summarised in section 5.6. As the North Ridge Associates' ownership in Geo increases, so does their exposure to these risks.

2.12 Other Issues

Benefits to Geo of the North Ridge Associates as Cornerstone Shareholders

The 2019 CNs and the North Ridge Allotment will further position the North Ridge Associates as important cornerstone strategic investors in the Company, further signalling their confidence in the future prospects of Geo.

Non-associated Shareholders Approval is Required

Pursuant to the Listing Rules, the Non-associated Shareholders must approve by ordinary resolution the 2019 CNs. Furthermore, the Non-associated Shareholders must approve the North Ridge Allotment pursuant to the Code.

The issue of the 2019 CNs will not proceed unless the Non-associated Shareholders approve the 2019 CNs Issue Resolution and the North Ridge Allotment will not proceed unless the Non-associated Shareholders approve the North Ridge Allotment Resolution.

May Reduce the Likelihood of a Takeover Offer to a Minor Degree

Following the North Ridge Allotment, the North Ridge Associates will not be able to increase the level of their shareholding unless they comply with the provisions of the Code. They will only be able to acquire more shares in the Company if:

- they make a full or partial takeover offer
- the acquisition is approved by way of an ordinary resolution of the Company's shareholders excluding the North Ridge Associates
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Company's shareholders excluding the North Ridge Associates
- the Company undertakes a share buyback that is approved by the Company's shareholders and the North Ridge Associates do not accept the offer of the buyback.

If the North Ridge Associates hold up to 45.19% of the Company's shares, this may reduce the likelihood of a takeover offer for the Company from the North Ridge Associates to a minor degree as they may consider that they have sufficient control over the Company.

It is possible that if the North Ridge Associates did make a takeover offer for further shares in the Company, they may offer a control premium that is lower than would otherwise be expected as they may value their offer on the basis that they already had significant control of the Company and hence do not need to pay a control premium of any significance.

The North Ridge Associates' shareholding of up to 45.19% may also reduce the attraction of Geo as a takeover target to other parties to a minor degree, as any bidder looking to fully or partially take over the Company would need to ensure that the North Ridge Associates would accept its offer.

2.13 Likelihood of the 2019 CNs Resolutions Being Approved

The North Ridge Associates are not permitted to vote on the 2019 CNs Resolutions. The outcome of the 2019 CNs Resolutions will therefore be determined by the voting of the Non-associated Shareholders, who collectively hold 70.25% of the Company's shares.

The Non-associated Directors have unanimously recommended the approval of the resolutions. Non-associated Directors Sal Manga and Roderick Snodgrass collectively control 0.63% of the shares (representing 0.90% of the maximum number of shares that can vote on the resolutions), which we assume will be voted in favour of the resolutions.

The Company's top 10 shareholders other than the North Ridge Associates collectively hold 28.05% of the Company's shares (representing 39.94% of the maximum number of shares that can vote on the resolutions). We are not aware of how these major shareholders will vote in respect of the resolutions. However, they will significantly influence the outcome of the voting on the 2019 CNs Resolutions.

2.14 Implications of the 2019 CNs Resolutions not Being Approved

If the 2019 CNs Issue Resolution is not approved, then the 2019 CNs cannot be issued. Geo will not gain access to up to $2.0 million of capital to fund its operations and growth initiatives in 2020.

Geo had equity of $2.4 million as at 30 June 2019 and cash and cash equivalents of $1.0 million. Its monthly cash burn rate was $0.19 million in the second half of the 2019 financial year, implying that the Company will need to undertake another capital raising in the very near future. The non-approval of the 2019 CNs Issue Resolution could possibly have negative implications for future capital raising initiatives as potential investors may be hesitant to invest in the Company – especially if shareholder approval is required. As discussed in section 2.5, we consider the alternative capital raising options for Geo to be limited if a comparable amount of capital needs to be raised within a relatively short timeframe.

If the 2019 CNs Issue Resolution is approved but the North Ridge Allotment Resolution is not approved, then the 2019 CNs will be issued but the 2019 CNs issued to North Ridge will not be able to be converted into ordinary shares. Geo will gain access to up to $2.0 million of capital to fund its operations and growth initiatives in 2020 but the Company will need to repay in cash the face value of all of the 2019 CNs issued to North Ridge and all accrued but unpaid interest when those 2019 CNs mature. This will deplete the Company's cash reserves and will most likely require Geo to source additional funding.

We note that under the terms of the 2019 CNs Agreement, Geo has until the Final Repayment Date (22 August 2022) to obtain approval of the North Ridge Allotment Resolution. Therefore, if the resolution is not approved at the Company's 2019 annual meeting of shareholders, Geo may once again seek shareholder approval of the North Ridge Allotment Resolution at a later date (up until 22 August 2022). This would result in the Company incurring additional costs (such as legal costs and costs associated with the preparation of another Independent Adviser's Report).

2.15 Voting For or Against the 2019 CNs Resolutions

Voting for or against the 2019 CNs Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Evaluation of the Fairness of the 2019 CNs

3.1 Basis of Evaluation

Listing Rule 7.10.2 requires an Appraisal Report to consider whether the terms and conditions of the 2019 CNs are fair to the Non-associated Shareholders.

There is no legal definition of the term *fair* in either the Listing Rules or in any statute dealing with securities or commercial law in New Zealand.

In our opinion, the 2019 CNs will be *fair* to the Non-associated Shareholders if:

- they are likely to be at least no worse off if the issue of the 2019 CNs proceeds than if it does not. In other words, we consider that the 2019 CNs will be fair if there is no value transfer from the Non-associated Shareholders to the North Ridge Associates, and
- the terms and conditions of the 2019 CNs are in line with market terms and conditions.

We have evaluated the fairness of the 2019 CNs by reference to:

- the rationale for the 2019 CNs
- the terms and conditions of the 2019 CNs
- the benefits and disadvantages to the Non-associated Shareholders of the 2019 CNs
- the benefits and disadvantages to the North Ridge Associates of the 2019 CNs
- the implications if the 2019 CNs Resolutions are not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

3.2 Evaluation of the Fairness of the 2019 CNs for the Purposes of Listing Rule 7.10.2

In our opinion, after having regard to all relevant factors, the terms and conditions of the 2019 CNs are fair to the Non-associated Shareholders.

The basis for our opinion is set out in detail in sections 2.3 to 2.14. In summary, the key factors leading to our opinion are:

- the rationale for the 2019 CNs is sound
- the terms of the 2019 CNs are reasonable:
  - the 6.0% coupon is favourable to the Company as it is significantly lower than what we expect Geo would have to pay on an unsecured 3 year loan
  - the Conversion Price of $0.10 per share is at a premium to the Company's current share price
  - we assess the value of each $1 2019 CN to be in the range of $0.820 to $0.887
  - the Placement Fee is not unreasonable, especially when viewed in conjunction with the value of the 2019 CNs

- the 2019 CNs will have a positive impact on the Company's financial position
- the North Ridge Associates' level of voting rights will increase from 29.75% to up to 45.19% following the North Ridge Allotment
- the North Ridge Allotment will result in the North Ridge Associates increasing their ability to influence the outcome of shareholder voting as they will most likely be able to influence the outcome of ordinary resolutions
- the 2019 CNs and the North Ridge Allotment will not change the North Ridge Associates' ability to exert influence over the Board or the Company's operations
- the dilutionary impact of the North Ridge Allotment on the Non-associated Shareholders will result in their current collective interests in the Company reducing by up to 22.0%
- the attraction of Geo as a takeover target may diminish to a minor degree
- the 2019 CNs are unlikely to have any material impact in the near term on:
  - the Company's share price
  - the liquidity of the Company's shares
- if the 2019 CNs Issue Resolution is not approved by the Non-associated Shareholders, the 2019 CNs will not be able to be issued, resulting in the need for Geo to raise additional capital in a relatively short timeframe to continue to fund its operations and pursue its growth initiatives.

3.3 Voting For or Against the 2019 CNs Resolutions

Voting for or against the 2019 CNs Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

4. Evaluation of the Fairness of the Snodgrass Shares

4.1 Basis of Evaluation

Listing Rule 7.10.2 requires an Appraisal Report to consider whether the terms and conditions of the Snodgrass Shares are fair to the Non-Snodgrass Shareholders.

In our opinion, the issue of the Snodgrass Shares will be fair to the Non-Snodgrass Shareholders if:

- they are likely to be at least no worse off if the issue of the Snodgrass Shares proceeds than if it does not. In other words, we consider that the issue of the Snodgrass Shares will be fair if there is no value transfer from the Non-Snodgrass Shareholders to Mr Snodgrass, and
- the terms and conditions of the Snodgrass Shares are in line with market terms and conditions.

We have evaluated the fairness of the Snodgrass Shares by reference to:

- the rationale for the Snodgrass Shares
- the terms and conditions of the issue of the Snodgrass Shares
- the benefits and disadvantages to the Non-Snodgrass Shareholders of the issue of the Snodgrass Shares
- the benefits and disadvantages to Mr Snodgrass of the issue of the Snodgrass Shares
- the implications if the Snodgrass Shares Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

4.2 Evaluation of the Fairness of the Snodgrass Shares for the Purposes of Listing Rule 7.10.2

In our opinion, after having regard to all relevant factors, the terms and conditions of the issue of the Snodgrass Shares are fair to the Non-Snodgrass Shareholders.

The basis for our opinion is set out below.

The Rationale for the Issue of the Snodgrass Shares is Reasonable

Mr Snodgrass is an independent director of Geo. His remuneration as a director of the Company is:

- $45,000 in directors’ fees
- $5,000 for chairing the Audit and Risk Committee.

Mr Snodgrass has agreed with the Company to work with Geo’s chief executive officer for a 3 month period to implement plans to accelerate near term growth of the Company’s business operations.

Mr Snodgrass will provide mentoring to the chief executive officer and executive team on a series of “growth sprints” that are designed to build product and sales momentum quickly through adopting an “agile” approach (the **Services**).

Geo has agreed with Mr Snodgrass that his total remuneration of $45,000 ($15,000 per month) for the Services will be payable as follows:

- $15,000 in cash
- $30,000 in non-cash consideration by way of the issue of 300,000 ordinary shares in the Company at an issue price of $0.10 per share (ie the Snodgrass Shares).

In our view, the rationale for the Snodgrass Shares is reasonable:

- the Services will not be provided in Mr Snodgrass’ capacity as a director of the Company but rather as an experienced adviser
- the Board has determined that Mr Snodgrass has suitable expertise and experience to provide the Services and that the level of compensation for providing the Services is fair
- the issue of the Snodgrass Shares as part of the remuneration payable to Mr Snodgrass will preserve $30,000 of the Company’s cash reserves.

The Terms of the Snodgrass Shares are Reasonable

The Snodgrass Shares will be issued at $0.10 per share.

The issue price is at a premium to the Company’s current share price:

- a 16% premium to the one month VWAP of $0.086 up to 24 October 2019
- a 22% premium to the 3 months VWAP of $0.082 up to 24 October 2019
- a 16% premium to the 6 months VWAP of $0.086 up to 24 October 2019
- a 2% premium to the one year VWAP of $0.098 up to 24 October 2019.

The issue price is equivalent to the Conversion Price under the North Ridge Allotment.

The Snodgrass Shares will have Negligible Impact on Mr Snodgrass’ Ability to Exert Control over Geo

Mr Snodgrass’ level of voting rights will increase from 0.49% to 0.85% following the issue of the Snodgrass Shares (and prior to the North Ridge Allotment). This will have negligible impact on his ability to influence the outcome of shareholder voting.

Furthermore, the issue of the Snodgrass Shares will not change Mr Snodgrass’ ability to exert influence over the Board or the Company’s operations.

Dilutionary Impact is Negligible

The dilutionary impact of the issue of the Snodgrass Shares on the Non-Snodgrass Shareholders will result in their current collective interests in the Company reducing by 0.4% (prior to the North Ridge Allotment).

Other Matters

The issue of the Snodgrass Shares is unlikely to have any impact on:

- the attraction of Geo as a takeover target
- the Company's share price
- the liquidity of the Company's shares.

Implications if the Snodgrass Shares Resolution is not Approved

If the Snodgrass Shares Resolution is not approved by the Non-Snodgrass Shareholders, the Company will be required to pay Mr Snodgrass' total remuneration of $45,000 in cash.

If the 2019 CNs Issue Resolution is passed but the Snodgrass Shares Resolution is not passed, the funds may need to come out of the funds received from the 2019 CNs. If the 2019 CNs Issue Resolution is not passed, Geo may need to satisfy the payment to Mr Snodgrass through alternative funding.

4.3 Voting For or Against the Snodgrass Shares Resolution

Voting for or against the Snodgrass Shares Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

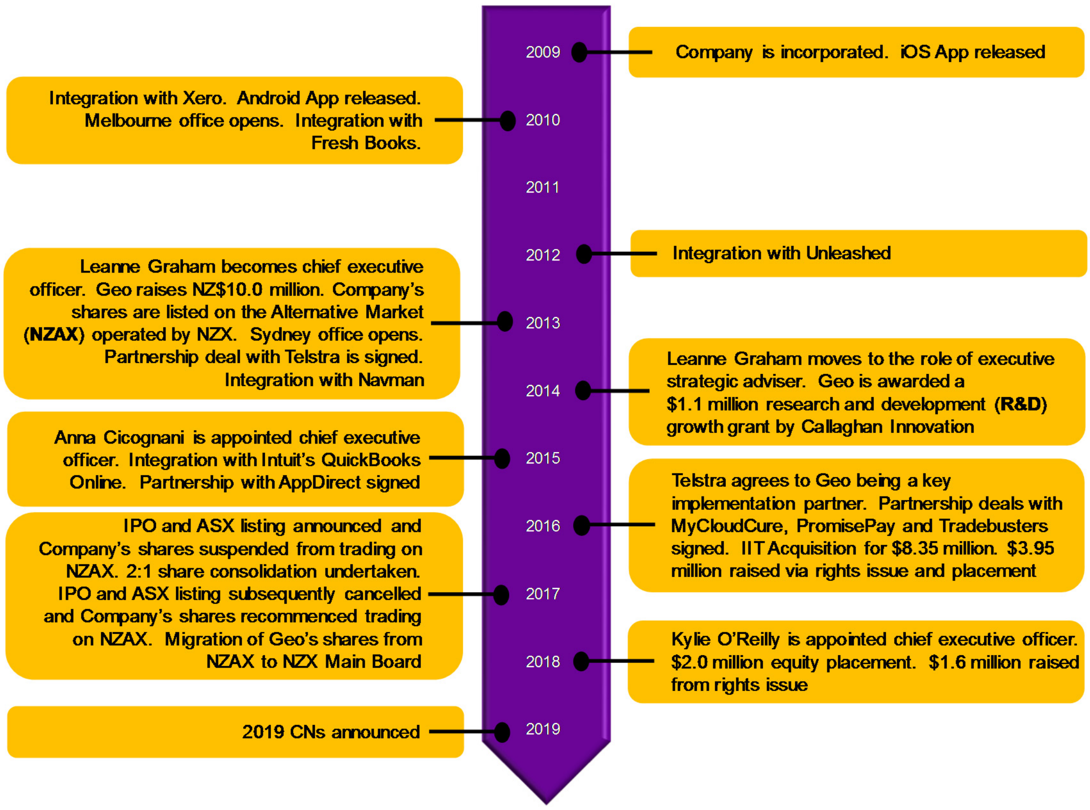
5. Profile of Geo Limited

5.1 Background

Geo was incorporated on 20 May 2009. The Company was set up by 3 partners with the main focus of facilitating workflow management through mobile applications.

The Company's name at the time of incorporation was Clouds 101 Limited. It changed its name to Saasilia Limited on 4 August 2009, to GeoOp Limited on 15 September 2011 and to Geo Limited on 21 September 2018.

The Company's key events are set out below.



5.2 Nature of Operations

Geo provides cloud-based business productivity tools and applications for small to large businesses with mobile and distributed workforces. The Company targets its productivity tools at customers across different functions and business areas that range from sole traders to multi-seat organisations. The nature of Geo's platform means that it is designed to scale for organisations of various sizes and with various needs.

The Company's 2 productivity tools, each based on a SaaS model, are:

- *Geo* – job management software for distributed workforces
- *Geo for Sales* – a mobile sales force management solution.

Geo is the Company's core product. *Geo* targets the trades, security, health, councils and home services industries and helps operations managers create, schedule and assign jobs to field workers in real time. On site, workers can generate quotes, record job details and attach photos, signatures and files immediately. Once the jobs have been completed, workers can send invoices and organise fast payment. All job and customer records are available anywhere, at any time. *Geo* had 16,347 licences as at 30 June 2019.

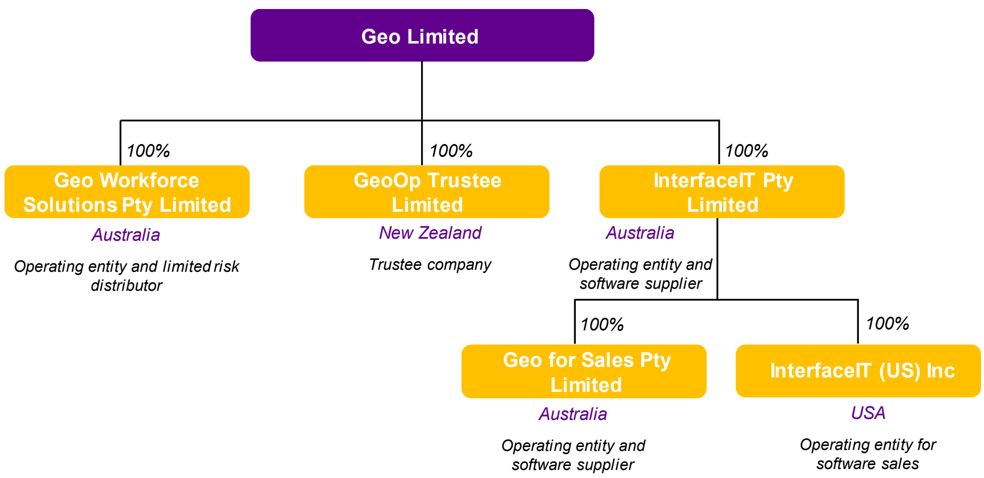
Geo for Sales increases the productivity and effectiveness of field sales workers. It enables sales managers to allocate selling regions to staff, provides detailed geo-demographic campaign information for increased sales conversions, allows profiling and credit checks of target sales customers and allows monitoring of sales performance in real time. *Geo for Sales* had 905 licences as at 30 June 2019.

Since its inception in 2009, Geo has expanded from its original operations base in Auckland, New Zealand, into a software provider with a global user base and staff located in:

- Australia (Sydney and Melbourne)
- New Zealand (Auckland)
- USA
- Canada
- Philippines.

5.3 Group Structure

Geo has 5 wholly owned subsidiaries:



5.4 Growth Initiatives

Geo's top strategic priority is growth of new customers and licences. The Company has implemented 5 initiatives to accelerate the Company's growth:

- introduce a new *Geo* application
- average revenue per user (**ARPU**) increases over legacy pricing
- enhanced digital marketing
- *GeoPay* payments rollout
- new channels to market.

5.5 Competition

Geo is subject to competition from a wide variety of firms, including:

- simPRO (Australia and New Zealand)
- ServiceMax (USA and Australia)
- Fleetmatics (USA and Australia)
- Asana (USA)
- ServiceTitan (USA)
- ServiceM8 (Australia)
- serviceminder (USA)
- Jobber (Canada).

5.6 Key Issues Affecting Geo

Geo is a relatively early stage technology business. The main industry and specific business factors and risks that Geo faces include:

- the inability to develop or introduce new product offerings and / or keep pace with technological changes may lead to customer losses and / or fail to attract new customers
- the Company's products may not attain widespread acceptance, thereby restricting Geo's future growth prospects
- Geo may not be able to compete successfully against its current and any future competitors
- deterioration in relationships with the Company's partners may have an adverse effect on the Company's financial performance
- interruptions or delays in service from any of Geo's third party service providers (such as data centres) could impair the delivery of the Company's services
- the inability to protect and enforce the Company's intellectual property rights
- material defects or errors in the software that Geo uses to deliver its services could harm its reputation, result in significant costs and impair the Company's ability to sell its services
- the loss of, or failure to attract key personnel who Geo is dependent upon, may adversely affect the Company's operations
- the inability to adequately fund the Company's operations may cause it to adopt alternative funding options or a modified growth strategy.

5.7 Directors and Senior Management

The directors of Geo are:

- Shailesh (Sal) Manga, independent non-executive director
- Roderick Snodgrass, independent non-executive director
- Roger Sharp, non-executive chair, associated with North Ridge.

The Company's senior management team comprises:

- Kylie O'Reilly, chief executive officer
- Rochelle Lewis, chief financial officer
- Minas Kamel, head of development
- Larry Widjaja, head of product and design
- Lucy Brown, head of marketing
- Andrew Bathurst, customer services manager
- Kelly Liebenburg, business development manager I channel
- Eduardo Rodrigues, business development manager I channel
- Harshila Ben, financial controller.

5.8 Capital Structure and Shareholders

Geo currently has 81,669,797 fully paid ordinary shares on issue held by 1,403 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 18 October 2019 are set out below.

Geo's 10 Largest Shareholders

Shareholder	No. of Shares Held	%
Wentworth	9,206,977	11.27%
VBS	6,013,051	7.36%
FBCL	5,866,667	7.18%
JKM Family Investments Pty Limited (**JKM**)	4,068,714	4.98%
Carnethy Evergreen P/L	2,842,446	3.48%
New Zealand Central Securities Depository Limited	2,471,781	3.03%
Jarden Securities Limited	2,437,588	2.98%
FNZ Custodians Limited	2,046,055	2.51%
Leveraged Equities Finance Limited	1,588,917	1.95%
Allan Nobilo & Lynne Nobilo	1,535,896	1.88%
Subtotal	38,078,092	46.62%
Others (1,393 shareholders)	43,591,705	53.38%
Total	81,669,797	100.00%

Source: NZX Company Research

Wentworth and VBS are part of the North Ridge Associates.

FBCL holds the shares on behalf of the Lindsay Investment Trust.

JKM is controlled by Jordan Muir, the co-founder of IIT.

5.9 Financial Performance

A summary of Geo's recent financial performance is set out below.

Summary of Geo Financial Performance				
	Year to 30 Jun 16[2] (Audited) $000	Year to 30 Jun 17 (Audited) $000	Year to 30 Jun 18 (Audited) $000	Year to 30 Jun 19 (Audited) $000
Geo subscription revenue	1,645	2,144	2,591	3,550
Geo for Sales subscription revenue	128	1,652	1,446	1,357
Subscription revenue	1,773	3,796	4,037	4,907
Other revenue	566	1,725	1,124	688
Total revenues	2,339	5,521	5,161	5,595
Operating expenses	(6,066)	(8,900)	(8,305)	(7,899)
ASX listing costs	-	(184)	(572)	-
Write down of intangible assets	-	-	(4,971)	(3,191)
Total expenses	(6,066)	(9,084)	(13,848)	(11,090)
(Loss) from operations	(3,727)	(3,563)	(8,687)	(5,495)
Income tax benefit	1,430	-	-	-
Net (loss) from operations for the period	(2,297)	(3,563)	(8,687)	(5,495)
EPS ($)	($0.07)	($0.11)	($0.22)	($0.07)
Number of licensed users[1]	25,048	27,682	23,687	17,252

1 As at balance date
2 Restated

EPS: Earnings per share

Source: Geo annual reports

The Company generates revenue primarily through monthly and annual subscription payments paid by users of its 2 SaaS applications – *Geo* and *Geo for Sales*.

Geo's reported product-based revenue is currently split between the *Geo* and *Geo for Sales*, contributing 72% and 28% to the Company's product subscription revenue respectively in the 2019 financial year:

- *Geo* is priced depending on the number of licences a customer wants to use. Customers can pay on a month-to-month basis or on an annual basis (which can be via an upfront payment or in monthly instalments). Most *Geo* customers subscribe to month-to-month plans
- *Geo for Sales* is sold on a minimum contracted licence number on a month-to-month basis. Customers sign up to a number of minimum licences and can vary their usage, but will always be billed for at least the minimum amount.

Geo expects that *Geo for Sales* subscription revenue will fall to less than 20% of total subscription revenue in the 2020 financial year as the core *Geo* product grows.

Geo also receives revenues from other streams including via training and implementation services (including those associated with upfront implementation and ongoing maintenance of campaigns for *Geo for Sales* customers), research and development (**R&D**) grants from Callaghan Innovation and Export Market Development Grants and client-funded product development.

The Company's growth initiatives set out in section 5.4 has seen subscription revenue increase by 22% from $4.0 million in the 2018 financial year to $4.9 million in the 2019 financial year:

- *Geo* subscription revenue has increased by 37% from $2.6 million to $3.6 million:
  - licence numbers have decreased by 27% from 22,362 to 16,347
  - ARPU has increased by 43% from $11.96 to $17.09
- *Geo for Sales* subscription revenue has decreased by 6% from $1.45 million to $1.36 million:
  - licence numbers have decreased by 32% from 1,325 to 905
  - ARPU has increased by 11% from $83.80 to $93.05.

Geo's main operating expenses are:

- R&D
- sales and marketing expenses
- general operating and administrative expenses
- depreciation and amortisation.

Geo's average monthly cash burn rate was $0.19 million in the second half of the 2019 financial year.

The Company has recorded significant non-recurring expenditure over the past 2 years:

- 2018 financial year – $5.0 million impairment write down of intangibles associated with *Geo for Sales* and $0.6 million of costs associated with the proposed ASX listing that was cancelled
- 2019 financial year – $3.2 million impairment write down of intangibles associated with *Geo for Sales*.

5.10 Financial Position

A summary of Geo's recent financial position is set out below.

Summary of Geo Financial Position

	As at 30 Jun 16[1] (Audited) $000	As at 30 Jun 17 (Audited) $000	As at 30 Jun 18 (Audited) $000	As at 30 Jun 19 (Audited) $000
Current assets	1,752	1,650	3,486	2,139
Non current assets	11,084	10,356	4,837	1,784
Total assets	12,836	12,006	8,323	3,923
Current liabilities	(4,220)	(2,556)	(4,636)	(1,485)
Non current liabilities	(1,025)	(24)	(11)	(12)
Total liabilities	(5,245)	(2,580)	(4,647)	(1,497)
Total equity	7,591	9,426	3,676	2,426
NTA per share	($0.06)	($0.00)	($0.02)	$0.01

1 Restated

Source: Geo annual reports

The Company's current assets consist of cash at bank and accounts receivable. Geo held $1.0 million of cash and cash equivalents as at 30 June 2019.

Non current assets consist predominantly of intangible assets in the form of application software (amounting to $1.6 million as at 30 June 2019). Intangible assets relating to *Geo for Sales* (consisting of goodwill arising from the IIT Acquisition and application software) totalling $8.2 million was written off in the 2018 and 2019 financial years.

The Company's current liabilities consist of trade and other payables.

Shareholders' equity of $2.4 million as at 30 June 2019 consisted of:

- $32.8 million of issued share capital
- negative $30.4 million of accumulated losses and reserves.

5.11 Cash Flows

A summary of Geo's recent cash flows is set out below.

Summary of Geo Cash Flows

	Year to 30 Jun 16 (Audited) $000	Year to 30 Jun 17 (Audited) $000	Year to 30 Jun 18 (Audited) $000	Year to 30 Jun 19 (Audited) $000
Net cash (outflow) from operating activities	(2,740)	(3,060)	(2,184)	(948)
Net cash (outflow) from investing activities	(373)	(389)	(571)	(1,199)
Net cash inflow from financing activities	2,706	3,245	3,886	1,176
Net increase / (decrease) in cash held	(407)	(204)	1,131	(971)
Opening cash balance	1,475	1,068	864	1,995
Closing cash balance	1,068	864	1,995	1,024

Source: Geo annual reports

The Company's net cash outflows from its operations have trended in line with the losses it has incurred each period.

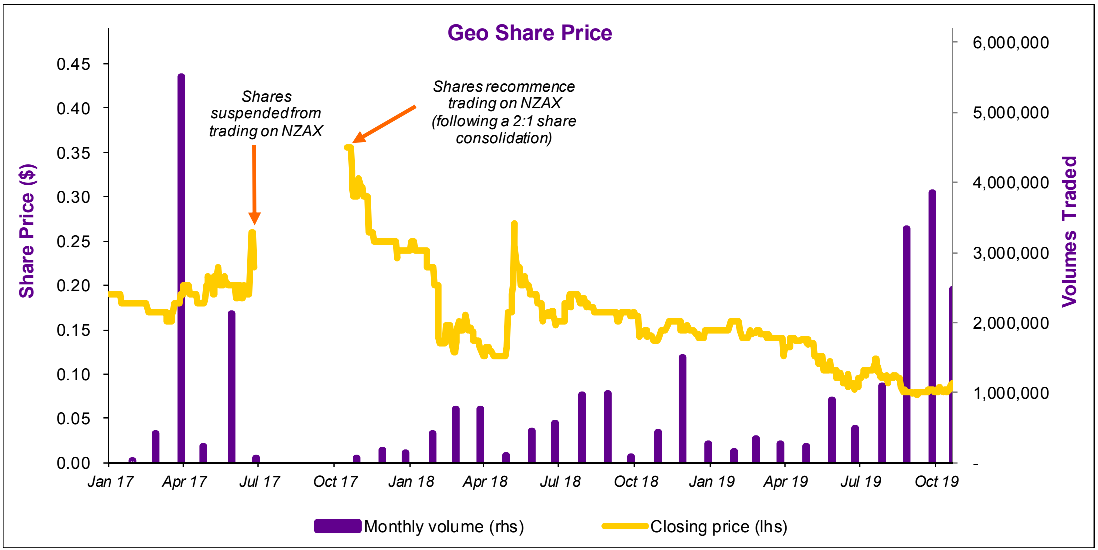
Investing cash flows have consisted mainly of capitalised development costs.

Financing cash flows have included:

- $2.7 million of equity raised in the 2016 financial year
- $3.4 million of equity raised in the 2017 financial year
- $2.4 million of equity and $1.5 million of convertible loans raised in the 2018 financial year
- $1.6 million of equity raised and $0.6 million of convertible loans repaid in the 2019 financial year.

5.12 Share Price History

Set out below is a summary of Geo's daily closing share price and monthly volumes of shares traded from 4 January 2017 to 24 October 2019.



Source: NZX Company Research

Geo's shares traded between $0.077 (on 11 September 2019) and $0.355 (on 20 October 2017) at a VWAP of $0.136.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 24 October 2019 is set out below.

Geo Share Trading up to 24 October 2019

Period	Low[1] $	High[1] $	VWAP[1] $	Volume Traded (000)	Liquidity
1 month	0.080	0.090	0.086	2,688	3.3%
3 months	0.077	0.118	0.082	9,961	12.2%
6 months	0.077	0.139	0.086	12,216	15.0%
12 months	0.077	0.160	0.098	14,989	18.4%

Source: NZX Company Research

Over the last 12 months, 18.4% of Geo's shares have traded on 167 days between $0.077 and $0.16 at a VWAP of $0.098.

6. Valuation of the 2019 CNs

6.1 Methodology and Valuation Approach

The 2019 CNs represent a Geo security which are a combination of a bond and an embedded option:

- the bond component carries an interest coupon of 6.0% per annum
- the embedded option component provides the noteholder with the ability to benefit if the share price of Geo is above $0.10 when the 2019 CNs are converted.

To assess the value of the 2019 CNs, it is necessary to assess the value of the bond component and the embedded option component.

Valuation of Bonds

The value of the bond is a function of the interest rate on the bond and the value of the principal returned.

Each $1 2019 CN carries a 6.0% coupon (compounded daily) and repayment of $1 of principal when it is repaid.

A required rate of return higher than the coupon will result in a bond value lower than the principal and vice versa.

In our view, the required rate of return on a "plain vanilla" unsecured bond offered by Geo at this point in time would be in the range of 12.0% to 15.0% per annum.

Valuation of Options

The Binomial option-valuation model (**Binomial Model**) and the Black-Scholes option-valuation formula (**Black-Scholes Formula**) are commonly used in commercial practice to value options. The Binomial Model is more appropriate for the valuation of American options (which can be exercised at any time during their life, as opposed to European options which can only be exercised on one particular day) and options over shares which are expected to pay dividends during the exercise period, although variants of the Black-Scholes Formula exist to handle the valuation of such options.

The key variables in determining the value of an American option are:

- the exercise price of the option
- the risk free rate
- the current spot price or market value of the underlying instrument
- the volatility of the returns on the underlying instrument
- the time to expiry
- the expected distributions to be made on the underlying instrument.

The value derived represents the value of options over existing shares. The 2019 CNs are in effect warrants and hence Geo will issue new shares when the 2019 CNs are converted. Accordingly, an adjustment must be made to the value derived from the Black-Scholes Formula to take into account the dilutionary effect of the conversion of the 2019 CNs.

6.2 Valuation Assessment of Bond Component

Valuation Parameters

The key variables applied in our assessment of the value of the bond component of the 2019 CNs are:

- valuation date – 27 November 2019, being the expected date that the 2019 CNs will be approved
- coupon – 6.0% per annum compounded daily (which equates to an annual interest rate of 6.18%)
- repayment date – 22 August 2022, being the Final Repayment Date
- principal repayment – $1
- required yield – 12.0% to 15.0% per annum.

Conclusion

Based on the above, we assess the fair value of the bond component of the 2019 CNs to be in the range of $0.802 to $0.864 per $1 of principal.

6.3 Valuation Assessment of Option Component

Valuation Parameters

Each $1 of 2019 CN can be converted into one ordinary share at the Conversion Price of $0.10.

The key variables applied in our assessment of the value of the embedded option component of the 2019 CNs are:

- valuation date – 27 November 2019, being the expected date that the 2019 CNs will be approved
- exercise price – $0.10 per share, being the Conversion Price
- the risk free rate – 0.8%, based on the current yield on New Zealand Government 15 April 2023 bonds
- the current market value of Geo shares – $0.081, being the VWAP between 23 August 2019 (when the 2019 CNs was announced) and 24 October 2019
- volatility – 60% to 70%, based on the observed volatility levels of movements in Geo's share price
- the time to expiry – 22 August 2022, being the Final Repayment Date
- expected distributions – nil, based on the Company's recent dividend history.

Conclusion

Based on the above, we assess the fair value of the embedded option in each $1 2019 CN to be in the range of $0.018 to $0.023.

6.4 Valuation Conclusion

Based on the above, we assess the fair value of each $1 2019 CN to be in the range of $0.820 to $0.887.

Valuation of 2019 CNs		
Security Component	**Value of 2019 CNs**	
	Low ($)	**High ($)**
Bond	0.802	0.864
Embedded option	0.018	0.023
Value per $1 2019 CN	0.820	0.887

7. Sources of Information, Reliance on Information, Disclaimer and Indemnity

7.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of annual meeting
- the 2019 CNs Agreement
- the NR Engagement Letter
- the Geo annual reports for the years ended 30 June, 2017 to 2019
- Geo share price data and shareholder data from NZX Company Research
- publicly available information regarding Geo.

During the course of preparing this report, we have had discussions with and / or received information from the Non-associated Directors and Geo's legal advisers.

The Non-associated Directors have confirmed that we have been provided for the purpose of this Independent Adviser's Report and Appraisal Report with all information relevant to the 2019 CNs, the North Ridge Allotment and the Snodgrass Shares that is known to them and that all the factual information provided by Company contained in this report is true and accurate in all material respects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is necessary for the purpose of preparing this Independent Adviser's Report and Appraisal Report.

In our opinion, the information set out in this Independent Adviser's Report and Appraisal Report is sufficient to enable the Non-associated Directors and the Company's shareholders to understand all the relevant factors and to make an informed decision in respect of the 2019 CNs, the North Ridge Allotment and the Snodgrass Shares.

7.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Geo and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Geo. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

7.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Geo will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Geo and its Board and management team. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of annual meeting issued by Geo and have not verified or approved the contents of the notice of annual meeting. We do not accept any responsibility for the contents of the notice of annual meeting except for this report.

7.4 Indemnity

Geo has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of this report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Geo has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law, Simmons Corporate Finance shall reimburse such costs.

8. Qualifications and Expertise, Independence, Declarations and Consents

8.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

8.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Geo or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the 2019 CNs, the North Ridge Allotment and the Snodgrass Shares.

Simmons Corporate Finance has not had any part in the formulation of the 2019 CNs, the North Ridge Allotment and the Snodgrass Shares or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting on the 2019 CNs Resolutions or the Snodgrass Shares Resolution. We will receive no other benefit from the preparation of this report.

8.3 Declarations

An advance draft of this report was provided to the Non-associated Directors for their comments as to factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

8.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of annual meeting to be sent to Geo's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Peter Simmons
Director
Simmons Corporate Finance Limited
25 October 2019