



For ASX Release
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Gooroo enters binding Term Sheet with Finnivate Inc. for Share Subscription & US Software Distribution

1. Overview

Gooroo Ventures Limited ("Gooroo" or the 'Company'), the ASX listed predictive people analytics software company, is pleased to announced that a number of changes as it seeks to become cashflow positive in the near term by growing its business and expanding into related areas.

These changes, some of which are subject to Gooroo shareholder approval, include:

- (i) Finnivate Inc. ("Finnivate"), a company associated with Naren Kotti, subscribing for 19.95% of Gooroo through the conversion of its existing Notes and subscribing for further equity;
- (ii) A commercial agreement with Finnivate to distribute Gooroo technology in to North America;
- (iii) The Board of Gooroo to be restructured with Messrs Foundas, Muller, Stephens and Tonelli resigning;
- (iv) The appointment of corporate governance expert Mr Richard Symon as a Non-Executive Director;
- (v) The resignation of Gooroo founder and CEO, Mr Greg Muller;
- (vi) The appointment of Mr Narendra Kotti as Managing Director and CEO of Gooroo; and
- (vii) Examination of a pro rata entitlement offer.

2. Background

Following the Gooroo Board's decision in November 2019 to not proceed with the proposed merger with AIS Anywhere, Finnivate and Gooroo have been examining various opportunities to work together. Finnivate wishes to continue its investment in Gooroo.

Both Gooroo and Finnivate believe there is potential to:

- Utilise Finnivate's existing relationships to advance both the development and deployment of Gooroo technology in North America;
- Develop AI/Machine Learning, Predictive Analytics, Cyber Security, and technology consulting businesses in the Asia-Pacific region similar to those Finnivate either owns or has invested in elsewhere in the world; and
- Expand into related areas.

3. Finnavate

As announced on 3 September 2019, Finnavate had previously agreed to subscribe for \$1 million of convertible notes in Gooroo. Finnavate is a boutique technology agency with expertise in Cyber Security, Cloud and IoT.

Finnavate works with business leaders to understand their vision for their companies and what is important to them. It then conducts audits of its clients' existing systems, the risks and the culture at the organisation to determine what is required to achieve success.

Based on findings and the business vision in mind, Finnavate redefines what exists, design new systems bringing together the best in class technology and processes. Their experts build, train, deploy and integrate with existing systems.

Mr Narendra Kotti is the Chief Executive Officer of Finnavate. Mr Kotti is a technology entrepreneur with 15 years' experience in:

- providing technology solutions for Fortune 500 and other global clients;
- building companies and teams; and
- investing in the tech sector.

Mr Kotti has a Bachelors of Engineering from India's prestigious Motilal Nehru National Institute of Technology and a Master of Science in Entrepreneurship from Baruch University's Zicklin School of Business.

4. Finnavate Investment

As part of the Convertible Note issue in August 2019, Finnavate had agreed to subscribe for 20 million Convertible Notes at 5c per Note (\$1 million). Per the terms of the original Convertible Note Deed, Finnavate remitted \$295,266 to the Company and was issued with 5,905,326 Notes. Finnavate was due to subscribe for an additional 14,094,660 Notes and remit the remaining \$704,744 on ASX's In-principle approval of the AIS Anywhere merger. However, as this approval was not granted by the ASX, Finnavate was not required to remit the remaining funds and was given two options under the Deed to either redeem their investment, or convert to Gooroo shares at a 50% discount.

On 17 December 2019, the Company and Finnavate signed a binding Term Sheet that would see Finnavate committing longer-term by converting the Notes that have been issued to it and subscribing for additional shares in Gooroo, per below. Finnavate has agreed to:

- Convert 100% of its existing 5,905,326 Convertible Notes to Gooroo shares. As per clause 7.2(a) of the Convertible Note Deed, Finnavate will be issued with 10,360,211 Gooroo at 2.85 cents.
- Enter a new Subscription Agreement to invest up to \$707,866 at 3.7 cents per share, such that Finnavate's aggregate holding will be 19.95% of Gooroo's total shares on issue, post completion; pursuant to LR7.1, LR7.1A and subject to shareholder approval (if required).

The price per share for this investment will be such that the average subscription price paid per share under their Convertible Note conversion and Subscription Agreement will be 3.4 cents.

The Subscription Agreement will provide for the shares to be issue to Finnavate in two Tranches. Tranche 1 will be for 16,253,676 shares for \$601,386, and the second Tranche will



be for 2,877,810 for approximately \$106,479. The first Tranche is conditional upon the changes listed in paragraphs (ii) to (vi) at the beginning of this announcement being satisfied through the execution of formal legal documentation reflecting such changes, as well as the other convertible noteholders agreeing to convert their convertible notes into shares. Tranche 2 is conditional upon shareholder approval being obtained for the purposes of refreshing the Company's placing capacity under ASX Listing Rule 7.1.

The share subscription agreement will include the usual terms and warranties for this type of agreement.

Finnavate has agreed not to sell or otherwise deal with its subscription shares prior to the earlier of the Company lodging with the ASX a cleansing prospectus pursuant to sections 708A(11) of the Corporations Act 2001 (Cth), or otherwise being able to dispose of its shares without contravening section 707(3) of the Corporations Act.

5. Gooroo Technology Distribution Agreement

The Term Sheet also provides for the Company and Finnavate to enter into a software distribution agreement for Finnavate to distribute Gooroo technology in to North America.

Gooroo and Finnavate believe that the commercial opportunity of the unique technology suite beyond Australia is more likely to be maximised by strategy whereby marketing occurs to North American clients via Finnavate, which has an on-ground sales and distribution team with existing relationships to Fortune 500 and global clients.

The agreements between Gooroo and Finnavate will be at an arm's length basis and on terms that are similar to those entered with other major partners announced. The non-exclusive agreements will permit Finnavate to:

- Promote Gooroo technology to enterprises in the USA;
- Earn commission on successful platform licence and toolkit sales and usage volumes;
- Implement Gooroo technology.

Finnavate staff will be required to be trained to ensure the technology is implemented correctly.

6. Board Restructure

Mr Thomas Brown will remain as Gooroo's Non-Executive Chair.

As part of the proposed changes, corporate governance specialist Mr Richard Symon will join the Gooroo Board as a Non-Executive Director.

Mr Greg Muller, Gooroo's founder and current Managing Director and Chief Executive Officer has agreed to resign. His vision and drive to establish Gooroo, develop an award-winning technology platform, lead the company through the IPO and kick-off the commercialisation journey is respected, acknowledged and greatly appreciated.

Mr Muller will be replaced by Mr Narendra Kotti as Chief Executive Officer and Managing Director. Mr Kotti will be relocating to Australia immediately from the USA to manage Gooroo operations. Mr Kotti has previously resided in Australia, is familiar with the business environment and has established networks. Mr Kotti will be responsible for all of the Company's operations (including Australia).



Gooroo also wishes to thank its departing Non-Executive Directors Mr Emmanuel Foundas, Mr Donald Stephens and Mr Jason Tonelli for their wisdom and guidance since the Company's Initial Public Offering in 2016.

As part of the next stage of its growth plans, Gooroo will seek additional Directors with skills and experience relevant to the direction which we wish to take the business.

7. Terms of CEO Appointment

The terms of Mr Kotti's appointment as Managing Director and Chief Executive Officer, subject to shareholder and ASX approvals, are as follows:

- Salary: \$200,000 per annum, \$1 of which is to be paid in cash and the remainder is to be satisfied in equity securities on agreed terms;
- Performance rights: 2 million performance rights subject to reasonable STI and LTI performance hurdles; and
- Minimum term: 3 years.

8. Further Capital Raising

Whilst the operations of Gooroo have been slimmed down following the decision not to proceed with the AIS merger, the business is still not cashflow positive. Furthermore costs associated with the proposed merger have been incurred.

It is likely that a further Gooroo capital raising will be required in Q1 2020. The exact nature of that raising has yet to be determined but will include an entitlement offer to all shareholders.

9. Noteholders

Finnavate's investment and all other aspects of the transaction outlined in this announcement are conditional on other convertible note holders agreeing to convert their Notes in accordance with the Convertible Note Deeds at 2.85c per Share. These represents the same terms agreed by Finnivate for the conversion of their Notes.

10. Summary

The Gooroo Board believes that the transaction is in the best interests of all shareholders as it:

- provides financial certainty
- provides access for Gooroo technology to enter the North American market
- provides access to Finnivate and its skills, relationships and clients; and
- allows the business to grow into the next stage of its development.

The Board has carefully and diligently assessed available options and believes that this decision represents the best opportunity currently available.



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