

11 July 2016

MARKET UPDATE TO 30 JUNE 2016

GeoOp (GEO, Company) (NZAX: GEO) has acquired, and is presently integrating, InterfacIT Pty Limited (IIT), a sales-focused workforce productivity application. The acquisition enables GEO to provide companies with software tools to manage distributed workforces with a range of productivity tools enabling them to sell to, serve and collect payment from customers in the field. As previously outlined, this acquisition has triggered a reset of the Company's strategy and governance.

An Independent Expert's Report (IER) was prepared on the acquisition prior to the Company's Special Meeting on 5 May 2016. This update is provided to keep the market informed.

Settlement

Settlement of the IIT purchase was completed on 1 June 2016.

Integration, Revenue and Cost Synergies

Integration is significantly advanced. Directors are pleased with progress.

- Customers have been informed of the acquisition and changes to management, and provided new points of contact for support and onboarding.
- A number of key positions have been recruited to fill vacancies in Sales, Product and Technology.
- Cost synergies have started to be realised through restructuring and consolidation of roles and systems.
- A new Melbourne office was opened at the end of June, providing a new home for IIT staff joining the GEO team in Victoria.

Governance

The GEO Board of Directors has been restructured and now comprises:

- Viv **Brownrigg** (Lead Independent Director, Audit Committee Chair, Remuneration Committee)
- Anna **Cicognani** (Managing Director)
- Roger **Sharp** (Non-Executive Chair, Audit and Remuneration Committee)
- Mark **Weldon** (Independent Director)

Management Team

The GEO management team has been restructured and now comprises:

- Anna **Cicognani** (Managing Director and CEO)
- Jason **Faulkner** (Chief Technology Officer)
- Rhonda **Robati** (Chief Revenue Officer)
- Katja **Voegele** (Chief Product Officer)

- Rachel **White** (Chief Financial Officer) (1)

(1) Part-time; a full-time replacement is being recruited

Branding

The company has secured the URL *geo.biz* and anticipates refining its overall brand positioning.

GEO's suite of applications will progressively be aligned under the "GEO" brand, with IIT's sales application to soon adopt the GEO prefix as part of the integration process.

Customer Base

Licence numbers for the GEO workforce management platform at 30 June 2016 were 23,717. Comparative analysis of key operating metrics versus PCP will be provided in the annual result.

Licence numbers for the IIT sales platform at 30 June 2016 were 1,331. IIT's US customers decreased their license count late in the fourth quarter resulting in a negative variance to the projection contained in the IER.

New customers are both being added and increasing their licence numbers across the merged business. These include Knightguard, a security company using GEO to monitor thousands of premises and a major Australian utility using GEO to increase its sales.

Auckland City Council has also increased its licence count and GEO is working closely with the Council to continue to extend GEO's presence.

Partnerships

GEO has been strengthening its partnerships with Telstra and MyCloudCure in the USA. Additional sales capability is in the process of being added in the US and Singapore, utilising specialised distribution channels.

The Telstra channel has grown substantially in revenue and continues to expand thanks to the efforts of Telstra's specialised SME workforce.

Revenues to 30 June 2016 versus IER projections

On a pro forma basis GEO and IIT reported combined unaudited revenues (2) of NZD4.576m versus a projection in the Independent Expert's Report of NZD4.542m.

(2) Includes Monthly Recurring Revenue, Implementation fees, tax incentives and Government funding grants.

FY17

The combined entity enters FY17 with an annual revenue run rate of NZD4.258m.

KPIs

GEO is developing KPIs across its product and licence bands to measure and manage its performance as a business. The Company plans to release these with its audited accounts and report against them regularly thereafter.

Strategic Focus

GEO's strategic focus remains on providing a suite of tools to manage mobile workforce productivity. The addition of a sales application, which helps distributed sales forces to optimise one-on-one, face-to-face conversations with potential customers, has added to the suite of products that GEO's customers use to make their businesses more efficient.

Additional demand for GEO's product is also being created by larger (enterprise) customers, who are looking for SaaS solutions to manage their workforces and keep track of the events generated.

The Company is committed to delivering profitable growth to shareholders, while enhancing the product and expanding its distribution channels.

Capital Position

As indicated in the IER, the Company intends to raise additional funds to support business growth and product extensions, and advance the journey into profit.

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