



## ASX Announcement

30 January 2020

# GOOROO EQUITY RAISING & STRATEGY UPDATE

## 1. Overview

Further to its ASX release of 6 January 2020, Gooroo Ventures Limited (“Gooroo”) can now confirm the following outcomes from its transaction with Finnivate Inc (“Finnivate”):

- ✓ **Recapitalisation** - Gooroo and Finnivate have now finalised Finnivate’s investment in Gooroo pursuant to which Finnivate is in the process of subscribing for a further \$0.7 million worth of shares;
- ✓ **Convertible Notes converted into Shares** - The vast majority of convertible note holders in Gooroo have agreed to convert their convertible notes into shares;
- ✓ **Experienced New CEO & Managing Director** - Naren Kotti, an IT specialist with over 15 years’ experience, has been appointed Managing Director and Chief Executive Officer on 20 January 2020;
- ✓ **US Software Distribution Agreement** – Gooroo and Finnivate have entered into a US Software Distribution Agreement to distribute Gooroo’s software into the US market;
- ✓ **New Strategic Direction** – Mr Kotti has flagged an exciting new strategic direction for Gooroo involving
  - (i) a refocusing on Gooroo’s target users;
  - (ii) US expansion; and
  - (iii) growth through strategic, EBITDA positive Mergers and Acquisitions.

## 2. Background

As noted in Gooroo’s aforementioned release, 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.

The announcement today is the first step of Gooroo and Finnivate putting this strategy into practice.

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### 3. CEO & Managing Director

As part of Gooroo's transaction with Finnivate, Mr Kotti was appointed as CEO and Managing Director of Gooroo on 20 January 2020.

Mr Kotti is a highly experienced technology entrepreneur with a background in disruptive and innovate technologies. He has over 15 years of experience as a technologist in various capacities and also as a business leader.

Highlights of his career include turnarounds, securing new capital and championing strategic M&A for various companies. He is well networked in the C-suites of major tech companies in the US, UK, India and Australia. Mr Kotti is himself an investor in Artificial Intelligence and blockchain technology companies.

Mr Kotti is working on his permanent immigration to Australia. It is understood that this will take around two months. Meanwhile he will continue to travel to Australia on a regular basis. In Mr Kotti's absence from Australia, Messrs Brown and Symon will monitor the on-ground activities of Gooroo in Australia.

### 4. Finnivate

#### 4.1 Background

Established in 2012 by Mr Narendra Kotti, Finnivate's headquarters are in New Jersey, USA with operations throughout the United States and an offshore research and development centre in India.

Finnivate has three areas of focus:

- Digital transformation;
- AI and predictive analysis; and
- Investment in relevant tech sector companies.

#### 4.2 Digital Transformation

Finnivate is a boutique technology agency. It provides consulting services to assist clients in understanding and implementing their vision for their businesses. The process involves Finnivate assessing its clients' existing Information Technology ("IT") systems, analysing the risks associated with those systems and assessing the people involved in operating them.

Finnivate also advises clients on the best practice and the most relevant systems to their operations, technology and processes. This often leads to the implementation of its recommendations, building the agreed solutions, integrating them within a client's business and training staff.

#### 4.3 AI and Predictive Analysis

Finnivate provides consultancy services in the AI and predictive analysis sub-sector and is the focus of expansion in its service offering. Gooroo's Colourgrid is part of this expansion plan.

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Finnavate has undertaken AI and predictive analytics assignments for a number of Fortune 500 companies as well as emerging startups. There is a core focus of Finnivate's R&D team to develop IP in this area, in particular bridging the gap between current and emerging technologies.

#### 4.4 Technology Investment

Finnavate believes that investing in technology sector companies in related areas has longer term benefits for its core business by providing:

- an early "look" at promising technologies and businesses;
- additional sources of revenue from providing their products (where appropriate) to existing clients; and
- potential acquisition targets where client acceptance and revenues are appropriate.

### 5. Potential M&A Activity

Given that Gooroo's core business Colourgrid is not currently cashflow positive, Gooroo's Board has resolved to support a new strategic direction for the Company which is to be led by Mr Kotti. This is likely to involve mergers and acquisitions with IT companies which will be complementary to Gooroo's existing technology, experience and customer base.

The objective of this strategy is to have the Company being self funded on an operational basis by the end of 1Q FY2021. To date no transactions have either been agreed or are sufficiently advanced to warrant disclosure.

The Board will provide Gooroo shareholders with further updates on the strategy and other matters as they progress.

### 6. Re-listing

Gooroo is in discussions with its lawyers on the best way forward to achieve a re-quotation of its shares. Gooroo will soon lodge a submission with the ASX regarding its compliance with ASX Listing Rules 12.1 and 12.2 to seek reinstatement of its shares to trading.

### 7. Commentary

Gooroo's Non-Executive Chairman Mr Tom Brown said:

*"The announcement today represents a clear statement of intent by Gooroo and Finnivate to not only restore value for Gooroo's shareholders but also to create a meaningful business in the near term.*

*The alignment of the interests of both Finnivate and Gooroo will create a sustainable relationship to achieve this goal."*



Mr Narendra Kotti said:

*It is my role as Gooroo's Managing Director to undertake the actions, changes to strategy and restructuring decisions to transform our business and its financial and operational dimensions.*

*These plans are geared to enabling Gooroo to becoming profitable and cashflow positive. We need to maximise both Gooroo's competitive position and share price performance.*

*It is recognised that as part of this process, we will need to grow Gooroo if we are to be successful in creating value. However, this growth needs to be both orderly and create a sustainable competitive position in the markets in which Gooroo operates.*

*My goal is to bring the company more in line with what our shareholders and investor require and expect of us.*

This announcement has been approved for release by Gooroo's Managing Director & CEO, Mr Narendra Kotti.

For further information, please contact:

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