



ASX Announcement

27 March 2020

Invigor Reports FY 2019 Results

Invigor Group Limited (ASX: IVO) (“Invigor” or “the Company”) provides this financial and operational update for the full year ending 31 December 2019.

FY 19 financial performance

The company reported operating earnings before interest tax, depreciation, amortisation and interest (EBITDAI) of a \$4.67 million loss for the half (PCP: \$4 million loss) from revenue of \$3.6 million (PCP: \$3.4 million). During the year the Company made the decision to write down the carrying value of all its intangibles and goodwill and cease the capitalisation of R&D resulting in a \$6.6 million charge. Significant financing charges of \$1.7 million (PCP \$1.1 million) also added to the loss. As a result, the net loss after tax of the Consolidated Entity for the year was \$13.06 million (PCP: \$12.3 million loss, including discontinued operations).

Solid Operational Progress

The Company has initiated a number of major restructures that will see it reduce the operating cash outflow, increase revenues as well as strengthen its balance sheet.

First, at an operational level it has strengthened the sales and marketing team around its core solutions being data insights for Brands and Retailers. The benefit of these decisions has already flowed into FY20 with stronger sales and a growing pipeline. Second, the Company has closed down or ceased initiatives where it considers the lead time to sales and positive cash generation is too slow. The Company will no longer proceed with its Smart Farm initiative and has begun discussions terminating the proposed acquisition of Sun Asia group. Third, the Company has sought to find strategic options for its subsidiary, TillerStack in Berlin.

Strengthening the Balance Sheet

The Company is now undertaking a number of initiatives that will repair the balance sheet to eliminate a substantial portion of the Company’s debt. In addition, the Company will seek to raise more capital subject to the timing discussed below under Outlook. The effect of the capital raising and debt conversion will result in extinguishing a substantial part of the financing charges and interest payments and restore equity value to all shareholders. It will also ensure the Company has a healthy working capital position. These proposals are being put to shareholders at a meeting expected to be called in early May.

Fulfilling these objectives will assist in the process for the Company’s shares to be reinstated to trading which will be subject to ASX consideration and review.

Cost base significantly reduced

The Company has over the recent period has reduced its cost base in areas which are not strongly revenue producing. Additionally, steps to reduce corporate overheads have also been initiated and the effect of these reductions will be seen in FY20.

Outlook

Over the past week the economic outlook for the Australian market has changed significantly. Whilst the Company’s customers are large recognised corporate brands and retailers it is unclear how the Company will be affected in the coming months and whether the Company’s plans for capital raising can be achieved within the timetable we had planned. We will monitor the situation very closely and provide updates as more information comes to hand.



Commentary

Invigor's Executive Chairman, Gary Cohen said: *"The financial results whilst disappointing do not reflect the value of the significant investment we have made in our core products. Today major brands and retailers in Australia are engaged with us as is evidenced by our increasing pipeline of potential deals. We also have started to leverage strategic partnerships more successfully to obtain increased revenue and greater velocity of sales without a commensurate increase in cost base."*

This release is authorized by the Board and released by Gary Cohen, Executive Chairman.

-ENDS-

For more information contact:

Gary Cohen
Executive Chairman
+61 2 8251 9600

About Invigor Group

Invigor Group (ASX: IVO) is a B2B data intelligence and solutions company that turns data analytics into dollars for the retail and service industries. Invigor's innovation in owned retail platforms and unique cross-channel data ecosystem allows businesses to have a holistic view of their customers and competitive landscape to not only understand, but effectively engage with today's physical and digital consumers. Combined with proprietary data and predictive engines, Invigor Group provides strategic insights and recommendations that empower businesses to successfully influence future customer strategy and increase long-term profitability.

Web: www.invigorgroup.com | email: info@invigorgroup.com

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