

29 July 2020

**ASX Announcement**

**Quarterly Activities Report April – June 2020**

Invigor Group Limited (ASX: IVO) (“Invigor” or “the Company”), has released its Quarterly Activities Report April – June 2020, together with the Appendix 4C for the month and year to date as at 30 June 2020.

**Approved and authorised for release by the Executive Chairman, Gary Cohen**  
**For further information, please contact:**

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**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. [www.invigorgroup.com](http://www.invigorgroup.com) | [info@invigorgroup.com](mailto:info@invigorgroup.com) | [twitter.com/InvigorGroup](https://twitter.com/InvigorGroup) | [linkedin.com/company/invigor-group](https://linkedin.com/company/invigor-group)

## **Quarterly Activities Report April – June 2020**

### **Key Highlights**

Despite the circumstances surrounding COVID-19 and the significant impact on the economy, the Company has managed to adapt to the changed environment and grow its core business throughout this period.

Revenue for the period quarter on quarter has grown by 36% and the Company's qualified pipeline is up by 82% from the end of the previous quarter.

The Company has reduced operational expenditure by \$1.4M per annum by taking a number of initiatives which are discussed below and in the previous quarterly update.

Our primary focuses during this quarter have been on securing new customers, creating new products to increase the revenue from existing customers, establishing strategic relationships and strengthening our balance sheet.

The Company had planned to hold a shareholders meeting to approve a number of initiatives but due to COVID-19 and market conditions the Company decided to postpone this meeting. We are hopeful that this will now occur during the last quarter this year.

### **Our People and COVID-19**

As with many other businesses, we have implemented a Working from Home (WFH) policy and we have informed all our customers on the new process. No impact on operational efficiency has been recorded.

Our staff kept safe at home working remotely via video conference and remained committed to our obligations to our customers to ensure smooth operations and to minimize the impact on business continuity & quality of service.

## **Business Activities for the Quarter and Trading update**

### **Customers**

Q2 highlights have included two new international groups as clients, contracts renewals of two major customers and the upsell of our Dynamic Re-pricing to Carlton United Breweries (CUB), a testimony of IVO's value to our customers especially during these challenging times of COVID-19:

- New client - Kitchen Aid (a subsidiary of Whirlpool) – Pricing Insights
- New client - Australian Liquor Marketers (ALM) (a subsidiary of Metcash)
- New client - Vantage Group – Pricing Insights rollout started
- New upsells – CUB - Dynamic Re-pricing
- Renewals - A world-renowned wines & spirits Brand – Pricing Insights
- Renewals - The Good Guys – Pricing Insights for Consumer Electronics

Across our customers, renewals are being secured without delay and we are also seeing more users accessing our Pricing Insights platform, especially since the release of the new user interface.

Consumer Electronics long-time customer Sharp Australia has chosen not to review their contract as they have significantly reduced their consumer product range in Australia and no longer require the breadth of data provided by Invigor's Pricing Insights platform.

### **Innovation**

A key development team focus during Q2 has been developing an AI-driven solution for Pricing Insights product matching to reduce the manual effort required for this task, as well as increase accuracy and consistency of matching. Initial tests indicate a significant improvement over current processes and we expect to deploy this into production during the current quarter. As well as improving the quality of data in our Alcohol and Consumer Electronics verticals, our solutions will also enable the Company to enter new verticals both within Australia and other selected geographies more quickly and cost-effectively.

Numerous improvements have also been completed on the Pricing Insights platform including:

- Addition of Amazon pricing data following the recently launch of their liquor offering
- New Products and Price Changes reports to better understand market changes
- Analysis of new market propositions such as Dan Murphy's Online Offer prices.

Expenditure on these initiatives in the quarter amounted to \$13,000.

## **Cost Reductions**

As mentioned last quarter, we have made significant structural changes to our business to ensure a lower cost base and to remove areas of business which are not achieving the expected profitability targets.

In this regard we have wound down all our operations in Singapore and reduced our staff accordingly. This has resulted in an annualised saving of \$570,000. We have also terminated our relationship with Winning Group. All our Singapore IP has been transferred to our Sydney office.

Following COVID-19 regulations, we have received a 55% rent relief for six months – split between a 50% waiver and a 50% rent deferral over two years. As mentioned last month this together with the subletting of office space has reduced our accommodation costs by 33%.

In addition to the closure of our Singapore and Melbourne Office – we have reduced our staff in the Sydney office – this combined with reduced salaries has resulted in an overall saving of a further \$665,000 on an annualised basis.

The combined effect of the above initiatives has meant that the Company's operational cost base is now reduced by \$1.4m on an annualised basis.

## **Sale of TillerStack**

The Company has received several approaches for the acquisition of our wholly owned subsidiary, TillerStack. Again, each of these discussions are at an early stage but we are hopeful that we will be able to progress one or more of these with an outcome in the next quarter. A sale of TillerStack will significantly assist in the liquidity position of the Company.

## **Strategic Opportunities and Partners**

The Company is looking to expand its business both within the current verticals and also into other verticals. Further, the Company is looking at potential expansion for its product range in other international markets. In this regard the Company has engaged in strategic discussions with potential partners. Whilst these discussions are each at a preliminary stage, the current push to move more business online and the growth of eCommerce and online sales is providing a strong tail wind for the Company's solutions together with the need for Artificial Intelligence (AI) and Data Science. Furthermore, the travel restrictions faced in Australia and many countries has meant that many businesses need to rely more heavily on partnerships to achieve their business goals. We would expect to announce some further details of these current discussions in Q3.

The Company has decided not to pursue the marketing opportunity presented by testing of COVID-19 – given the concerns regarding change of corporate activities. However, one area where we believe there is a growing AI need is in area of data for better healthcare outcomes, especially given the increase in COVID-19 cases.

### **Capital Management Update**

As outlined in the previous Quarterly Activities Report, the Company had intended to hold a shareholders meeting to approve several resolutions including authorising a proposed capital raising and a proposed debt to equity conversion. The advent of COVID-19 with the combined market conditions led to the Company postponing this meeting. It is now intended that this meeting be held in the last quarter of the current calendar year at which time we would hope to have finalised some of the proposed strategic discussions.

### **Payments to Directors and Related Parties**

During the quarter, total payments to Directors and Related Parties included in operating cash flows were \$89,000 which included:

- Payments to Marcel Equity Pty Ltd (entity associated with Gary Cohen and Gregory Cohen) under cost sharing arrangements for office rent and electricity of \$48,000.
- Payments to Executive and Non-Executive Directors for monthly fees of \$24,000.
- Payments to Gregkar Pty Ltd (entity associated with Gregory Cohen) as fees related to an invoice credit facility of \$17,000.

### **Approved and authorised for release by the Executive Chairman, Gary Cohen.**

For more information contact:

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Executive Chairman  
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