Results for announcement to the market

31 August 2020

Appendix 4D for the half year ended 30 June 2020

Invigor Group Limited (ASX: IVO) is pleased to report its financial results for the Company and its controlled entities (together the Consolidated Entity) for the half year ended 30 June 2020. The results are extracted from the accompanying Half Year Financial Report (refer to Review Status for further details).

The principal activity of the Consolidated Entity is a B2B data intelligence and solutions company that turns data analytics into value for the retail and service industries.

Extracted from the 30 June 2020 Half Year Financial Report	**Six months to 30 June 2020**	**Six months to 30 June 2019**	**Change**
	$A'000	$A'000	%
Revenue from ordinary activities	**1,909**	2,344	-19%
Earnings before interest, tax, impairment, depreciation and amortisation ('EBITDAI')	**(1,163)**	(1,641)	29%
Net profit (loss) from ordinary activities after tax attributable to members	**(2,147)**	(8,886)	76%
Net profit (loss) after tax attributable to members	**(2,147)**	(8,886)	76%

Commentary on results

- Revenue from sales, licence fees and services from continuing operations from the core Loyalty and Pricing divisions for the half was approximately $324,000, down 48% on the $621,000 booked in the corresponding half of 2019, due mostly to the closure of the Singapore office in the period;
- $509,000 of revenue was booked from TillerStack Field Force Management, down on the $633,000 booked in 2019;
- Other income of $1.1m included R&D tax rebates of $1.0 million (2019: $1.1 million);
- A net loss before financing costs, tax, depreciation, amortisation and impairment (EBITDAI) of $1.2 million, an improvement on 2019 period (2019: $1.6 million loss) due to cost reductions;
- An increase in interest and borrowing costs incurred on convertible note and debt facilities of $975,000 (2019: $595,000); and
- A reduction in depreciation and amortisation in the period following an impairment and increased amortisation in 2019.

Please refer to the accompanying 30 June 2020 Half Year Financial Report and results announcement for further information.

Dividends for the period ended 30 June 2020

No interim dividend has been declared or proposed (2019 – $nil).

Net Tangible Assets (Liabilities) per Share

	30 June 2020[1]	**30 June 2019[2]**
	$A	$A
Net assets (liabilities) per share	(0.105)	(0.004)
Less: Intangible assets per share	-	-
Net tangible assets (liabilities) per share	(0.105)	(0.004)

1 Based on 152,039,352 issued ordinary shares at 30 June 2020.

2 Based on 2,857,437,562 issued ordinary shares at 30 June 2019.

Details of entities over which control has been gained or lost during the period
None.

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<u>HY Financial Performance</u>

Despite revenue from customers from continuing operations (excluding TillerStack) being down in the half to $324,000 compared to $621,000 in the prior period following the closure of its Singapore office, the Company reduced its net loss before financing costs, tax, depreciation, amortisation and impairment (EBITDAI) to $1.2 million, an improvement on the 2019 period (2019: $1.6 million loss) due to cost reductions.

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.

Sale of TillerStack

As advised today the Company has signed an agreement to sell its entire shareholding in its Berlin based subsidiary for US$1.25 million (c$1.72m) with completion expected in the final quarter of this year.

As previously advised the Company did not see this business as core and it plans to use the cash to reduce its debts and fund the growth of its Pricing and Analytics business.

Solid operational progress provides a strong platform for growth

The shift towards online purchases during this half has seen a significant shift by major brands and retailers to improve their access to critical real time information as well as to have the requisite tools to manage their online platforms. The Company's investment into these areas is now coming to fruition and we expect this trend to continue for the remaining months of this year. As stated, the increase in new customers and growth in the pipeline has continued since the last quarterly update. The Company is currently undertaking some trials with major retailers and international brands which it expects to lead to contracts in the current half.

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The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the accompanying 30 June 2020 Half Year Financial Report and results announcement released today. These documents should be read in conjunction with each other document.

Review status

The Half Year Financial Report is presented unreviewed by the Company's Auditor's as the Company has relied on relief granted by ASIC in *ASIC Corporation (Extended Reporting and Lodgement Deadlines – Listed Entities) Instruments 2020/451* to extend the lodgement date.

For further information, please contact:

Gary Cohen
CEO
+61 2 8251 9600

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

About Invigor Group Limited

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.

INVIGOR GROUP LIMITED

ACN 081 368 274

HALF YEAR FINANCIAL REPORT

PERIOD ENDED 30 JUNE 2020

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DIRECTORS' REPORT

The Directors present their report together with the financial report of the Consolidated Entity comprising Invigor Group Limited ("the Company" or "Invigor") and its controlled entities (together "the Consolidated Entity") for the half year ended 30 June 2020. This is presented unreviewed by the Company's Auditor's as the Company has relied on relief granted by ASIC in *ASIC Corporation (Extended Reporting and Lodgement Deadlines – Listed Entities) Instruments 2020/451* to extend the lodgement date of the reviewed Half Year Financial Report. Further the Company notes that the Financial Report for the year ended 31 December 2019 is also in the process of being audited.

Directors
The Directors of the Company at any time during or since the end of the reporting period were:

Directors	Appointed
Gary Cohen – appointed Chairman on 18 June 2019	19 July 2012
Roger Clifford	18 November 2015
Gregory Cohen	19 July 2012
Jeremy Morgan	2 March 2016
Jack Hanrahan	3 July 2017

Principal Activity
The principal activity of the Consolidated Entity is a B2B data intelligence and analytics company that provide solutions to enable brands, suppliers and retailers to understand customers behavior, grow revenue and margin and build loyalty. Refer to product offering section for more details.

Significant Changes in the State of Affairs
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. The primary focuses during this half-year period have been on securing new customers, creating new products to increase the revenue from existing customers, establishing strategic relationships and strengthening the Company's 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, with plans for this to occur during the last quarter of 2020.

The Company is in final negotiations for the potential sale of wholly owned subsidiary, TillerStack GmbH, subject to due diligence which is currently in progress.

The Company has enrolled in the Australian Government JobKeeper program from April 2020, and has received cash flows for eligible employees during the period.

There were no other significant changes in the affairs of the Consolidated Entity during the financial period.

Operating and Financial Review

Result for the period
The net loss after tax of the Consolidated Entity for the half year ended 30 June 2020 was $2.1 million (30 June 2019: $8.9 million loss, including impairment). The net loss before financing costs, tax, depreciation, amortisation and impairment (EBITDAI) was $1.2 million (30 June 2019: $1.6 million loss).

The result reflects:
- A decrease in revenue from sales, licence fees and services from continuing operations for the period to $0.8 million (2019: $1.3 million) due to the closure of the Singapore office, and the application of the revenue recognition policy for new contracts;

- Other revenue and income including R&D rebate, JobKeeper and Singapore Government Job Support Scheme of $1.1 million (2019: $1.1 million);
- A decrease in employee benefit expenses to $2.1 million in the period (2019: $2.7 million); and
- Increased interest and borrowing costs incurred on convertible note and debt facilities of $975,000 (2019: $595,000).

Product offerings
The Company's product offerings include:
- Data intelligence and analytics
- TillerStack (Germany)

Each of these are described below.

Data Intelligence and Analytics
The Group's Australian and South-East Asian business is focused on two major complementary product suites within Data Intelligence and Analytics being the ***Pricing brand and retail solutions***.

Our Pricing brand solutions are designed to overcome previous channel blockers by connecting direct to customers through loyalty driven capability and enable improved pricing governance with access to market and channel pricing.

Designed for brands to connect with their customers
- Collect and aggregate first, second, and third-party customer data to better understand customer journeys, acquisition and sales drivers, repeat visits and customer lifetime value.
- Develop a deeper understanding of customer profiles and segmentation.
- Overcome previous blockers by connecting directly to customers through loyalty driven solutions.
- Engage customers in a personalised way to drive increased sales, improved ROI on existing investments and customer loyalty.
- Get market and channel pricing along with competitor intelligence to build more effective pricing strategies and respond to market movement.
- Support Product & Category Managers with pricing governance to get visibility to market and channel pricing.
- Access to historical pricing to understand previous trends (Liquor & Consumer Electronics sectors)

Our Pricing retail solutions are designed to find actionable insights from Point-of-Sale (POS) data to better understand purchase behaviour and promotional effectiveness. Along with access to market and channel pricing to build effective pricing strategies.

Designed for retailers to connect with their customers
- Find actionable insights from existing POS data and better understand customer purchase behavior, promotional effectiveness, and product mix.
- Improve productivity and build efficiencies through AI technology to build competitive pricing strategies and elasticity models.
- Engage customers in a personalised way to drive increased sales, improved ROI on existing investments and customer loyalty.
- Get market and channel pricing along with competitor intelligence to enable retailers to build more effective pricing strategies and respond to market movement.
- Access to historical pricing to understand previous trends (Liquor & Consumer Electronics sectors)

TillerStack: Field Service Solution
Invigor, through a wholly owned subsidiary TillerStack GmbH, currently operates an established integrated field force management solution for companies with mobile staff in service and maintenance. This solution is known as Skyware.

Skyware allows companies to seamlessly manage their mobile workforce. It optimises technical, field workflow, increases customer satisfaction through AI and provides dispatchers and mobile workers with an intuitive interface for all directives.

Substantial progress has been made with new product development; in particular the Pricing products and related solutions. This has been reflected in new deals closed in the period.

Funding

In February 2020, the Company extended the term and amount of the loan facility agreement with Marcel Equity Pty Ltd (a related party) to 31 December 2021, and $7.5 million (from $5 million at 31 December 2019) with 15% pa interest. It is intended that a significant portion of the Marcel Equity facility will be converted to equity in late 2020, subject to shareholder approval.

$0.5 million has been drawn from existing loan facilities in the period. Refer to note 11 for further details.

Dividends

No final dividend for the 2019 financial year was proposed or declared. No interim dividend has been proposed or declared for the period ended 30 June 2020. A dividend reinvestment plan has not been activated.

Seasonality of operations

The Company's operations are not considered to be seasonal in nature.

Events subsequent to reporting date

As announced on 31 August 2020 the Company has signed a Share Purchase Agreement for the sale of TillerStack GmbH, which is expected to complete in October 2020.

The directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

Outlook

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. The Company would expect to announce some further details of these current discussions in the second half of 2020.

The Company expects implementation of its business strategy to deliver improved financial results.

Rounding off

In accordance with the *ASIC Corporation (Rounding in Financial/Directors Reports) Instrument 2016/191*, values are rounded to the nearest thousand dollars unless otherwise stated. Amounts less than $100 are rounded to zero.

This report is made in accordance with a resolution of the Directors.

Gary Cohen	**Gregory Cohen**
Chairman and CEO	Director and CFO

Dated at Sydney this 31st day of August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	30 June 2020 $'000	30 June 2019 $'000
Revenue	3	833	1,254
Other revenue/income		1,076	1,090
Total revenue/income		**1,909**	**2,344**
Employee benefits expense		(2,094)	(2,744)
Professional fees		(242)	(281)
Impairment of goodwill and intangible assets	9	-	(4,727)
Other operating costs		(787)	(990)
Profit (Loss) from Joint Venture		51	30
Total (loss) before financing costs, tax, depreciation and amortisation		**(1,163)**	**(6,368)**
Depreciation and amortisation		(9)	(1,923)
Total (loss) before financing costs and tax		**(1,172)**	**(8,291)**
Financing costs incurred		(975)	(595)
(Loss) before income tax		**(2,147)**	**(8,886)**
Income tax benefit (expense)		-	-
(Loss) for the period		**(2,147)**	**(8,886)**
Other comprehensive income		6	(36)
Total comprehensive (loss) for the period		**(2,141)**	**(8,922)**
Earnings per share		**Cents**	**Cents**
Basic earnings (loss) per share attributable to ordinary equity holders		(1.41)	(0.34)
Diluted earnings (loss) per share attributable to ordinary equity holders		(1.41)	(0.34)

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2020 $'000	31 December 2019[1] $'000
CURRENT ASSETS			
Cash and cash equivalents	5	5	3
Trade and other receivables	6	1,908	1,214
Total Current Assets		1,913	1,217
NON-CURRENT ASSETS			
Property, plant and equipment		15	21
Investments accounted for using the equity method		13	12
Total Non-Current Assets		28	33
TOTAL ASSETS		**1,941**	**1,250**
CURRENT LIABILITIES			
Cash and cash equivalents	5	120	76
Trade and other creditors and accruals	10	6,734	4,559
Interest bearing loans and borrowings	11	6,176	10,168
Provisions		353	518
Total Current Liabilities		13,383	15,321
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	11	4,486	-
Provisions		18	24
Total Non-Current Liabilities		4,504	24
TOTAL LIABILITIES		**17,887**	**15,345**
NET ASSETS (LIABILITIES)		**(15,946)**	**(14,095)**
EQUITY			
Issued capital	12	155,105	155,105
Reserves	13	3,088	2,792
Accumulated losses		(174,139)	(171,992)
TOTAL EQUITY		**(15,946)**	**(14,095)**

[1] *The 31 December 2019 Financial Report is still subject to finalisation of the auditor's procedures. Therefore, the balances are unaudited.*

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30 June 2020 $'000	30 June 2019 $'000
Cash flows from operating activities			
Receipts from customers		1,058	1,833
Payments to suppliers and employees		(1,658)	(3,877)
Other income received		198	27
Net cash from (used in) operating activities		**(402)**	**(2,017)**
Cash flows from investing activities			
Disposal of discontinued operations, net of cash disposed		-	195
Payments for acquisition of business operations, net of cash acquired	4	-	(250)
Proceeds from sale of assets		-	77
Loans (to)/repaid from equity investments		-	34
Net cash from (used in) investing activities		**-**	**56**
Cash flows from financing activities			
Proceeds from the issue of shares and options		-	782
Proceeds issue of convertible notes		-	500
Proceeds from borrowings		495	2,319
Repayment of borrowings and redemption of convertible notes		(115)	(1,671)
Borrowing costs paid		(20)	(171)
Payment of capital raising costs		-	(32)
Net cash flow from (used in) financing activities		**360**	**1,727**
Net increase (decrease) in cash and cash equivalents		(42)	(234)
Cash and cash equivalents at 1 January		(73)	155
Cash and cash equivalents at 30 June	5	**(115)**	**(79)**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Accumulated Losses	Reserves	Total
Consolidated	$'000	$'000	$'000	$'000
Balance at 1 January 2020	**155,105**	**(171,992)**	**2,792**	**(14,095)**
Profit (loss) for the period	-	(2,147)	-	(2,147)
Foreign currency translation reserve	-	-	6	6
Total comprehensive income (loss)	-	(2,147)	6	(2,141)
Transactions with owners in their capacity as owners:				
Issue of shares	-	-	-	-
Share based payments reserve	-	-	110	110
Options reserve	-	-	180	180
Capital raising costs reversed (incurred)	-	-	-	-
Balance at 30 June 2020	**155,105**	**(174,139)**	**3,088**	**(15,946)**
Balance at 1 January 2019	**153,575**	**(158,924)**	**2,762**	**(2,587)**
Profit (loss) for the period	-	(8,886)	-	(8,886)
Foreign currency translation reserve	-	-	(36)	(36)
Total comprehensive income (loss)	-	(8,886)	(36)	(8,922)
Transactions with owners in their capacity as owners:				
Issue of shares	1,067	-	-	1,067
Shares not yet issued reserve	-	-	(237)	(237)
Share based payments reserve	-	-	134	134
Options reserve	-	-	56	56
Capital raising costs reversed (incurred)	(81)	-	-	(81)
Balance at 30 June 2019	**154,561**	**(167,810)**	**2,679**	**(10,570)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE HALF-YEAR FINANCIAL REPORT

1. Significant accounting policies

(a) Reporting entity

Invigor Group Limited is a limited liability company incorporated and domiciled in Australia.

This condensed consolidated interim financial report ("half-year financial report") as at and for the six months ended 30 June 2020 comprises Invigor Group Limited ("the Company" or "Invigor"), its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interests in associates and jointly controlled entities.

(b) Basis of preparation

This half-year financial report is a general-purpose financial report which has been prepared in accordance with AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting.*

This half-year financial report does not include all of the information required for a full annual financial report. Accordingly, this report is to be read in conjunction with the 31 December 2019 consolidated financial report and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year financial report was approved by the Board of Directors on 31 August 2020.

In accordance with the *ASIC Corporation (Rounding in Financial/Directors Reports) Instrument 2016/191*, values are rounded to the nearest thousand dollars unless otherwise stated. Amounts less than $100 are rounded to zero.

(c) Accounting policies

The accounting policies applied by the Consolidated Entity in this half-year financial report are the same as those applied by the Consolidated Entity in its 31 December 2019 consolidated financial report. They have been consistently applied by each entity in the Consolidated Entity for all periods presented, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated half-year financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the remainder of this financial year and the next financial year are the measurement of Receivables (Note 6), Income Tax losses (Note 8), Intangible assets (Note 9) and Interest-bearing loans and borrowings (Note 11).

(e) Preparation of financial statements on the going concern basis

The consolidated financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

During the half-year ended 30 June 2020 the Group incurred a net loss of $2.1 million (2019: $8.9 million including impairment of $4.7 million), had net cash outflows from operating activities of $0.4 million (2019: $2.0

million outflow), and at that date the Group's current liabilities exceed its current assets by $11.4 million (Dec 2019: $14.1 million).

In determining that the going concern basis is appropriate, the directors have had regard to:

- The Company's increased focus on growth of the Pricing Insights and related solutions targeted at both brands and retailers which will assist the Company's performance;
- The sale agreement entered into with ZenaDrone Inc. of the wholly owned German subsidiary Tillestack GmbH and its expected completion during the second half of FY 2020;
- The continued support of Marcel Equity. Marcel Equity has expressed strong support for the Company. The current facility of $7.5 million has a capacity of $3.0 million. The Board notes that during the first half $496,000 was made available, but as a result of the COVID-19 impact the ability of Marcel Equity to meet a full drawdown has been restricted as per notes 11;
- The expected significant reduction of the Company's debt as a consequence of a debt to equity conversion which is to be considered for shareholder approval at a General Meeting expected to be called in late 2020;
- The continued support and extension of financing facilities provided by the Company's lenders and convertible note holders as per note 11;
- The continued support from the Company's creditors and staff in agreeing to scheduling payments;
- The plan to use the additional funding facilities to extinguish older payables and accruals and restore the payables balance to normal trading terms;
- The Company's intention to undertake a capital raising to retire debt, fund growth and provide sufficient working capital to ensure the reinstatement of market trading. The proposed General Meeting of shareholders in late 2020 will seek approval for the raising of up to $4 million in capital. The Company may decide to break up the capital raising into several tranches; and
- The Company's intention and commitment to explore strategic opportunities to further drive revenue growth and profitability, which will likely be required to ensure that the full amount of the fund-raising requirements is achieved.

The uncertainty of the current economic environment caused by Covid-19 has and may continue to impact the timing of cash flows and may potentially further delay the ability to raise capital. However, as a counterbalance to this there are various government stimulus initiatives and legal and regulatory reliefs which the Company has availed.

While past performance is no guarantee of future results, the Company has previously been successful in managing the above uncertainties so that the Company can continue on a going concern basis. After considering all available information, the Directors have concluded it is appropriate to prepare the half year financial report on a going concern basis.

The Company's ability to continue to operate as a going concern is dependent upon the items listed above. Should these events not occur as anticipated, the Company is unlikely be able to pursue its business objectives and will have difficulty continuing to operate as a going concern, including realising its assets and extinguishing its liabilities in the normal course of business at the amounts shown in the financial statements.

(f) Research and development expenditure

Research expenditure is expensed as incurred.

Development expenditure incurred on projects may be capitalised if the product or service is technically feasible, adequate resources are available to complete the projects, it is probable that future economic benefits will be generated and expenditure attributable to a project can be reliably measured. Expenditure capitalised comprises the direct costs of services, direct labour and an appropriate portion of overheads. Other development costs are expensed when they are incurred. Capitalised development expenditure, if any, is stated at cost less accumulated amortisation and any impairment losses and amortised over the period of expected future sales from the related projects, which is generally no more than three years. Capitalised development expenditure is reviewed at least annually for impairment. In 2019, the Board reviewed the policy and determined that development expenditure will not be capitalised while the Company has negative cashflow from the related operating activities. As a result, the balance of previously capitalised development expenditure was fully impaired in 2019.

(g) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Financial assets are recognised when the rights to receive cash flows and the risks and rewards of ownership are transferred to the Consolidated Entity. Financial assets are derecognised when the rights to receive cash flows from these assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognised if the Consolidated Entity becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value though profit or loss, any directly attributable transaction costs, except as described below.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Purchases of investments are recognised when the Consolidated Entity is entitled to the risks and rewards of ownership. This is usually on settlement date, being the date on which the asset is delivered to the Consolidated Entity. Sales of investments are recognised when the Consolidated Entity is unconditionally committed to sell the asset and the risks and rewards of ownership have been substantially transferred by the Consolidated Entity.

The Consolidated Entity classifies its investments as either loans and receivables at amortised cost or financial assets through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowance for impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in the income statement in interest income. Losses arising from any impairment of such loans and advances are recognised in the income statement.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition or subsequently re-designated in compliance with accounting standards. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial instruments are designated at fair value through profit or loss if the Consolidated Entity manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial instruments that are classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management strategy are reported within liabilities in the balance sheet, but included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Impairment

The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment includes observable data that indicates that there is a measurable decrease in the future cash flows expected to be received.

Loans and receivables

For loans and receivables carried at amortised cost, the Consolidated Entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Consolidated Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Financial assets at fair value through profit or loss

For financial assets at fair value through profit and loss, the Consolidated Entity assesses at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

(h) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Any goodwill on acquisitions of associates or jointly controlled entities is included in investments in associates or jointly controlled entities where the equity method is adopted. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Identifiable intangible assets

The useful lives of separately identified intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets other than goodwill which is not amortised. Other intangible assets are amortised from the date they are available for use. The useful lives of intangible assets are reviewed, and adjusted if appropriate, at each balance date. The estimated useful life of software and technology intangible assets is three years.

(i) Leases

Policy

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability is as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Initial application

The Group adopted AASB 16: Leases retrospectively from 1 January 2019. The Group has recognised a lease liability and right-of-use asset for all leases recognised as operating leases under AASB 117: Leases where the Group is the lessee.

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- Leases that have remaining lease term of less than 12 months as at 1 January 2019 have been accounted for in the same was as short-term leases.
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- Applying AASB 16 to leases previously identified as leases under AASB 117: *Leases* and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application.
- Not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

2. Segment reporting

The Consolidated Entity has adopted AASB 8 Operating Segments whereby segment information is presented using a ‘management approach’. That is, segment information is provided on the same basis as information used for management reporting purposes by the chief operating decision maker. The chief operating decision maker is considered to the Board of Directors.

The Consolidated Entity has identified TillerStack GmbH and Australia & South-East Asia as separately identifiable operating segments. The TillerStack GmbH segment operates primarily in Germany. The Australia & South-East Asia segment operates primarily in Australia and Singapore.

a) Segment results

Half-year ended 30 June 2020	TillerStack GmbH $'000	Australia & SE Asia $000	Consolidated Total $'000
Revenue from external customers	509	324	833
Other revenue/income[1]	-	1,076	1,076
Total segment revenue/income	**509**	**1,400**	**1,909**
EBITDA (before impairment)	12	(1,175)	(1,163)
Finance costs	(180)	(795)	(975)
Depreciation and amortisation	(5)	(4)	(9)
Half-year ended 30 June 2019			
Revenue from external customers	633	621	1,254
Other revenue/income	-	1,090	1,090
Total segment revenue/income	**633**	**1,711**	**2,344**
EBITDA (before impairment)	(153)	(1,488)	(1,641)
Finance costs	(170)	(425)	(595)
Depreciation and amortisation	(35)	(1,888)	(1,923)

[1] Other revenue includes the Research & Development Tax Rebate and Government Covid-19 related cashflow boosts (including JobKeeper in Australia, and the Job Support Scheme in Singapore)

b) Reconciliation of segment EBITDA to profit (loss) for the period is as follows:

	30 June 2020 $'000	30 June 2019 $'000
Total EBITDA for reportable segments	**(1,163)**	**(1,641)**
Depreciation and amortisation for reportable segments	(9)	(1,923)
Impairment charges for reportable segments	-	(4,727)
Finance costs for reportable segments	(975)	(595)
Income tax benefit (expense)	-	-
(Loss) for the period	**(2,147)**	**(8,886)**

c) Revenue & other income by geographical region

	30 June 2020 $'000	30 June 2019 $'000
Australia	1,363	1,523
Asia (Singapore, Philippines, Indonesia)	37	188
Germany	509	633
Total revenue & other income	**1,909**	**2,344**

The Consolidated Entity has adopted the amendment included in AASB 2009-5. No segment assets or segment liabilities are disclosed as these were not regularly provided to the chief operating decision maker.

3. Revenue from contracts with customers

a) Revenue by Product

	30 June 2020 $'000	30 June 2019 $'000
Pricing (including Dynamic repricing & Drink@Home)	300	289
Loyalty (including Visitor)	24	332
TillerStack	509	633
Total revenue from contracts with customers	**833**	**1,254**

b) Disaggregation of revenue

	30 June 2020 $'000	30 June 2019 $'000
Licence subscription fees including support services	293	443
Licence and application set up fees	-	42
Project fees	31	136
Sale of customised hardware	-	101
Maintenance and support services	509	532
Total revenue	**833**	**1,254**

c) Timing of revenue recognition

	30 June 2020 $'000	30 June 2019 $'000
Services transferred over time	802	1,017
Products and services transferred at a point in time	31	237
Total revenue	**833**	**1,254**

4. Sun Asia transaction

On 22 May 2019 the Company signed a binding Heads of Agreement to acquire the business of Sun Asia Group Pty Limited ("Sun Asia"), comprising the IP, the customers and key contracts, the know-how and key staff for potential total consideration of up to $2 million. The Sun Asia business has developed relationships with farmers of various produce as well as having its own farms.

A $250,000 deposit was paid on 18 June 2019. Further consideration in the form of shares was subject to approval from the Company's shareholders before issue. A General Meeting was held on 26 September 2019 at which the issue of shares was approved. However, no shares were issued in 2019, and, in 2020 the Company engaged in negotiations with the vendor to dissolve the Heads of Agreement.

5. Cash and cash equivalents

	30 June 2020 $'000	31 December 2019 $'000
Cash at bank and on hand, presented as a current asset	5	3
Bank overdrafts, drawn at period end, presented as a current liability	(120)	(76)
Cash and cash equivalents per statement of cash flows	**(115)**	**(73)**

6. Trade and other receivables

	30 June 2020 $'000	31 December 2019 $'000
Trade debtors	199	233
Allowance for expected credit loss	(39)	(39)
Research and development tax rebate	885	-
Deposit for business combination (see note 4)	250	250
Sundry debtors and other receivables	572	559
Prepayments	41	211
Current	**1,908**	**1,214**

7. Dividends

There were no dividends paid or proposed during the period (2019 - $nil). The directors have not proposed the payment of an interim dividend since the period end (2019 - $nil).

8. Income Tax Losses

Based on the most recent Income Tax Return of the consolidated Australian tax group, there are approximately $30.3 million of unused income tax losses, and $45.0 million of unused capital losses for which no deferred tax asset has been recognised. The potential benefits at 30% is $9.1 million for the income tax losses, and $13.5 million for the capital losses.

The benefit of all tax losses can only be utilised if the requirements of the Income Tax Assessment Act are satisfied at the time the Company seeks to utilise the available losses. This will include the requirement to meet either the continuity of ownership test or the same business test at that time. Deferred tax assets have not been recognised for deductible temporary differences and unused tax losses as it is not presently probable that future taxable amounts will be available to utilise those temporary differences and losses.

9. Intangible assets

	30 June 2020 $'000	31 December 2019 $'000
Software and technology		
Cost (gross carrying amount)	-	5,552
Accumulated amortisation & impairment	-	(5,552)
Net carrying amount	-	-
Goodwill		
Cost (gross carrying amount)	-	5,551
Impairment	-	(5,551)
Net carrying amount	-	-
Capitalised development expenditure		
Cost (gross carrying amount)	-	7,252
Accumulated amortisation & impairment	-	(7,252)
Net carrying amount	-	-
Total intangible assets		
Cost (gross carrying amount)	-	18,355
Accumulated amortisation & impairment	-	(18,355)
Net carrying amount	**-**	**-**
Reconciliation of carrying amounts at the beginning and end of the period:		
Software and technology		
Net carrying amount at the beginning of the period	-	2,572
Amortisation charge	-	(799)
Impairment	-	(1,773)
Net carrying amount at the end of the period	-	-
Goodwill		
Net carrying amount at the beginning of the period	-	951
Impairment	-	(951)
Net carrying amount at the end of the period	-	-
Capitalised development expenditure		
Net carrying amount at the beginning of the period	-	2,492
Additions	-	629
Amortisation charge for the year	-	(1,118)
Impairment expense	-	(2,003)
Net carrying amount at the end of the period	-	-
Total intangibles		
Net carrying amount at the beginning of the period	-	6,015
Additions	-	629
Amortisation charge for the year	-	(1,917)
Impairment expense	-	(4,727)
Net carrying amount at the end of the period	**-**	**-**

Software and technology

An intangible asset is recognised for software and technology owned by the Consolidated Entity. Software and technology acquired under a business combination has been recognised at fair value at acquisition date. Fair value has been established using appropriate analysis and having regard to the relevant contractual terms of the transactions. The software and technology were acquired following completion of the acquisitions of Global Group Australia, Amethon Solutions in 2014 and Invigor Asia (Sprooki) in 2017.

The Software and technology assets are recognised at cost less accumulated amortisation and impairment losses. An impairment expense of $1,773,000 was recognised in 2019 following a review of the value in use and considering the current negative cashflows of the Company.

Goodwill

Goodwill is allocated to the Consolidated Entity's cash generating units (CGUs). At 30 June 2020, the carrying value of goodwill is nil following the impairment of goodwill and intangible assets at 30 June 2019. Therefore, no further impairment testing has been performed in the period to 30 June 2020.

Capitalised development expenditure

In 2019, the Company determined that development expenditure will not be capitalised while the Company has negative cashflow from the related operating activities. As a result, the balance of previously capitalised development expenditure of $2,003,000 was fully impaired in the prior period.

10. Trade and other creditors and accruals

	30 June 2020 $'000	31 December 2019 $'000
Trade creditors	1,936	1,579
Other creditors and accrued expenses	4,649	2,870
Contract liabilities (Unearned revenue)	149	110
Current	**6,734**	**4,559**

Included in trade creditors are amounts totalling $653,000 (2019: $321,000) payable at balance date under cost recovery agreements with Marcel Equity Pty Ltd and associated entities, and payable under consultancy arrangements with other related parties. These amounts are unsecured. Included in other creditors and accrued expenses are amounts totalling $896,000 (2019: $575,000) payable at balance date for accrued interest and other fees payable to Marcel Equity Pty Ltd and associated entities. These amounts are unsecured. Also included in other creditors and accruals is $44,000 owing under an invoice assignment facility as described below.

Invoice assignment facility – related party

In January 2020, the Company entered into an invoice assignment facility with Gregkar Pty Ltd, an entity associated with Gregory Cohen. Under the facility, at the request of the Company, Gregkar Pty Ltd could advance up to 90% of an assigned customer invoice. On collection of the invoice by the Company, 100% of the invoice amount is repayable to Gregkar. At 30 June 2020, the liability owing to Gregkar under this facility is $44,000, and during the period, fees of $21,000 were incurred which are included in financing costs.

11. Interest bearing loans and borrowings

	30 June 2020 $'000	31 December 2019 $'000
Unsecured borrowings – convertible notes	1,500	1,500
Unsecured borrowings – loan and overdraft facilities	762	4,754
Unsecured borrowings - employees	187	187
Secured borrowings – loan facilities	3,727	3,727
Current	**6,176**	**10,168**
Unsecured borrowings – loan and overdraft facilities	4,486	-
Non-current	**4,486**	**-**

<u>Current</u>

Unsecured borrowings – convertible notes

Unsecured convertible notes are shown as a current liability at balance date because the note holders held a current right at that date to issue a conversion notice notwithstanding the remaining terms to maturity under the facilities.

2018 Convertible notes issue

During February and March 2018, the Company received a total of $1,000,000 funds from three sophisticated investors as an initial investment in TillerStack (Skyware) with the option of converting to shares in the Company at $0.01. It was subsequently agreed to extend the facility as a Convertible Note in the Company on the terms listed below, subject to shareholder approval, with a right to invest in TillerStack.

The key terms of the facility are:

- Convertible notes on issue at 30 June 2020 – 12,500,000 at $0.08 per share
- Maturity dates – 7 May 2019, extended to 31 December 2019. These notes are now due on demand, with discussions between note holders and the Company ongoing. The Company will seek approval at a General Meeting expected to be called in late 2020 for the conversion of a substantial portion of this debt to equity through the issue of ordinary share capital. This is subject to shareholder approval.
- Ranking – unsecured
- Conversion price - the convertible notes may be converted into shares at the conversion price of $0.08 per share
- Interest – 17 per cent per annum, payable on maturity
- Redemption – on the maturity date, or at a later date when the noteholder gives a notice requiring redemption, or after the occurrence of a defined event of default.

2019 Convertible Notes issue

On 29 May 2019 the Company issued a Convertible Note and in June received $500,000 of funds from a sophisticated investor. The key terms of the facility are:

- Convertible notes on issue at 31 December 2019 – 5,000,000 at $0.10 per share
- Maturity dates – 29 May 2020. These notes are now due on demand, however the Company intends to set off the amounts outstanding on these Notes against the receivable due from Sun Asia Group Pty Ltd.
- Ranking – unsecured
- Conversion price - the convertible notes may be converted into shares at the conversion price of $0.10 per share (subject to any adjustment in accordance with the terms and conditions of those notes)
- Interest – 12.0 per cent per annum, payable on quarterly in arrears
- Redemption – on the maturity date, or at a later date when the noteholder gives a notice requiring redemption, or after the occurrence of a defined event of default.

Unsecured borrowings – loan and overdraft facilities

Other loan facilities

On 31 October 2018, the Company received $300,000 from a sophisticated investor as a convertible note, expiring on 31 December 2018. The convertible note had zero interest, and a $50,000 redemption provision should the note not convert. As the investor had not converted the note as at 31 December 2018, the Company have recognised a $350,000 loan liability. $116,667 of this balance was repaid in January 2019. The balance at 30 June 2020 is $233,333. Interest accrues at 20% per annum. This loan is now due on demand, with discussions between the investor and the Company ongoing for a rescheduled due date later in 2020. The Company will seek approval at a General Meeting expected to be called in late 2020 for the conversion of a substantial portion of this debt to equity through the issue of ordinary share capital. This is subject to shareholder approval.

On 26 June 2019, the Company entered into a $500,000 loan facility with a sophisticated investor. This facility has been fully drawn at 30 June 2020. The repayment date was 31 December 2019, and the loan is now repayable on demand and discussions are ongoing between the Company and the investor. Interest accrues at 3% per month.

Credit card facilities relating to the group were drawn to $29,000 at 30 June 2020.

Unsecured borrowings – employees

In November 2019 the Company entered into unsecured loan agreements with certain employees. At 30 June 2020 the balance is $187,000. Interest accrues at 15% per annum. The loans were repayable by 30 June 2020, and are now repayable on demand.

Secured borrowings

R&D loans

During 2018, the Company entered into a Prepayment Loan Agreement with Karoo Investment Group Pty Ltd under which the lender made available a facility in the amount of $1,320,000 at an interest rate 15% - 22% p.a. The facility was primarily used to fund the Company's research and development activities. $953,000 was repaid in 2019 on receipt of the research and development tax rebate amount for the year ended 31 December 2018. The balance of $367,000 at 30 June 2020 remains as a short-term loan and is repayable on demand.

In December 2019, the Company entered into a new Prepayment Loan Agreement with Finarch Holdings Pty Limited under which the lender has made available a facility in the amount of $710,000 at an interest rate 20% p.a. Interest was been prepaid in full to June 2020. The facility is being used to fund the Company's research and development activities. The facility is fully drawn at 30 June 2020, and is repayable on receipt of the research and development tax rebate amount for the year ended 31 December 2019. Amounts drawn under the facility are secured against the grant receivable.

Glowaim facility

On 28 February 2019, the Company entered into a $1,000,000 loan facility with Glowaim Pty Ltd. This was extended to $1,400,000 in November 2019. The facility is fully drawn at 30 June 2020, with repayment due on demand, and discussions are ongoing between the Company and the lender for an extension. Interest accrues at 20% per annum.

PFG facility

Invigor Group Limited secured a A$2 million loan facility with Partners for Growth (PFG) in February 2017. Under the terms of the agreement, Partners for Growth's funding is for 2 years at a 10% annual interest rate. IVO issued a warrant over 3.33 million shares to the firm exercisable at 60 cents per share (previously over 66.6 million shares exercisable at 3.0 cents per share before share consolidation) on 19 April 2017 which expire in 2021. $0.5 million was repaid in February 2019, and a further $0.25 million was repaid in June 2019. In December 2019, Gary Cohen, a Director of the Company repaid $1.05 million of the loan on behalf of the Company ($1 million principal repayment and $50,000 deposit). The net balance remaining at 30 June 2020 of $200,000 is repayable on demand, and discussions are ongoing between the Company and the lender for an extension. Interest accrues at 16% per annum on the balance.

The Company issued an additional warrant to PFG over 2.5 million shares (previously over 50,000,000 shares before share consolidation) on 26 April 2019. The warrant is exercisable at 8 cents (previously 0.4 cents) per share and expires after three years.

Gary Cohen (Director) facility

As noted above, in December 2019, Gary Cohen paid out $1,050,000 to PFG on behalf of the Company. The Company has agreed to a loan agreement with Gary Cohen on the same terms as PFG, being a secured charge, and interest at 16% per annum. The loan is payable on demand.

Non-current

Unsecured borrowings – loan and overdraft facilities

Marcel Equity facility

In February 2016, the Company entered into an interest-bearing short-term loan arrangement with Marcel Equity Pty Ltd ("Marcel"), an entity associated with Gary Cohen and Gregory Cohen (Directors of the Company), under which Marcel will make available up to $700,000 as and when required by the Company, subject to the terms of the loan arrangement. The loan arrangement has subsequently been extended a number of times (both limit and repayment date).

In February 2020, the Company extended the term and amount of the agreement to 31 December 2021, and $7.5 million (from $5 million at 31 December 2019) with 15% pa interest. It is intended that a significant portion of the Marcel Equity facility will be converted to equity subject to shareholder approval.

An amount of $4,486,000 has been drawn at 30 June 2020 (31 December 2019: $3,990,000).

The terms of the facility are that it only repayable from the Company's available cash flow (principal and interest).

<u>Other available overdraft facilities</u>

The Company had a $136,000 interest bearing overdraft facility with National Australia Bank which was drawn to $120,000 at 30 June 2020 (refer note 5). Subsequent to period end, the overdraft facility has been extended to $154,000. The facility is secured by guarantees provided by entities associated with Gary Cohen and Gregory Cohen.

<u>Further Information on Facilities and Plans</u>

Please refer to the table below for further information and discussion on the facilities and the planned extensions and further capital raising:

Debt/Equity Facility	**Assumptions and risks discussion**
2018 Convertible Notes In February and March 2018, a $1,000,000 loan to the Company was extended as a convertible note. The convertible note matured on 31 December 2019 and is now payable on demand. A further $300,000 was received from a different investor as a convertible note on 31 October 2018. This amount is recognised by the Company as a loan liability. At as 30 June 2020 $233,333 remains owing.	The Company is currently in discussions with the noteholders. To date, no formal agreement has been reached. The Company is seeking the noteholders agreement to convert a substantial portion of this debt to equity. The conversion of debt to equity will require shareholder approval. The Company is aiming to seek shareholder approval at a General Meeting expected to be called in late 2020. The Company will require (and reasonably expects it will receive) the support of these noteholders and shareholders for this conversion to occur. If this conversion does not occur, the Company's ability to continue as a going concern will be impacted.
2019 Convertible Notes In May 2019 the Company issued a Convertible Note and in June 2019 received $500,000 in funds. This Convertible Note matured on 29 May 2020.	These notes are now due on demand; however, the Company intends to set off the amounts outstanding on these Notes against the receivable due from Sun Asia Group Pty Ltd.
Marcel Facility On 11 February 2020 the Company's loan arrangement with Marcel Equity was increased to a maximum available amount to draw down of $7,500,000. As at 30 June 2020, the Company has drawn down $4,486,000.	Marcel Equity has expressed strong support for the Company, including an extension of the facility in February 2020 from $5 million to $7.5 million. As part of this agreement, Marcel will convert $5 million of the debt into equity in the Company (pending shareholder approval). Marcel has also

This facility will become due for payment when the Company has available cash flow.	agreed to extend the outstanding $2.5 million loan to 31 December 2021. The conversion of $5 million of the debt to equity will require shareholder approval. The Company is aiming to seek shareholder approval at a General Meeting expected to be called in late 2020.
Capital Raise The Company intends to undertake a capital raising to retire debt, fund growth and provide sufficient working capital to ensure the reinstatement of market trading. The Company may decide to break up the capital raising into several tranches.	The proposed General Meeting of shareholders in late 2020 will seek approval for the raising of up to $4 million in capital. This capital raise is important to the Company's ability to continue as a going concern over the next 12 months. The Directors believe there are reasonable grounds that shareholder approval will be obtained however, market conditions (as at August 2020) leaves some material uncertainty regarding the timing of the capital raise and the market's receptiveness.
Other Loans The Company has several other secured borrowings including: - Glowaim facility - $1,400,000 loan with repayable on demand - R&D loan of $710,000 from Finarch Holdings Pty Limited payable on receipt of the 2019 R&D rebate - Outstanding R&D loan of $367,000 from Karoo Investment Group Pty Ltd, repayable on demand	Discussions are ongoing with these lenders for an extension to the repayment dates for these loans. Although there is no guarantee that these loans will be extended, the Company has reasonable grounds to believe the repayment dates for these loans will be extended.

12. Issued capital and share options

Company	**30 June 2020** Shares	**31 December 2019** Shares	**30 June 2020** $'000	**31 December 2019** $'000
Ordinary shares, fully paid	**152,039,352**	**152,039,352**	**155,105**	**155,105**

Movement in ordinary share capital **Fully paid shares**				
Balance at the beginning of the period	152,039,352	2,537,559,895	155,105	153,575
Issue of fully paid shares	-	503,211,001	-	1,617
Reduction in shares due to share consolidation[1]	-	(2,888,731,544)	-	-
Capital raising costs recovered (incurred)	-	-	-	(87)
Net balance at end of period	**152,039,352**	**152,039,352**	**155,105**	**155,105**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and the amounts paid on the shares held.

[1] At a General Meeting on 26 September 2019 the Company's shareholders approved a consolidation of the Company's ordinary share capital, and other equity instruments including incentive options and convertible notes, in the ratio of 20:1. The consolidation was completed on 10 October 2019.

Warrants

The Company has issued Warrants as approved by Shareholders on 19 April 2017, 23 June 2017 and 26 April 2019 as follows (note that the adjusted number of shares and exchange price shown is post share consolidation in October 2019):

- A warrant over 3,333,334 fully paid ordinary shares for an exchange price of 60 cents per share to Partners for Growth IV, L.P. The warrant is for a term of 5 years and expires on 19 April 2022.
- A warrant over 1,333,334 fully paid ordinary shares for an exchange price of 40 cents per share to Allectus Capital Limited. The warrant is for a term of 5 years and expires on 23 June 2022.
- A warrant over 2,500,000 fully paid ordinary shares for an exchange price of 8 cents per share to Partners for Growth IV, L.P. The warrant is for a term of 3 years and expires on 26 April 2022.

Options issued under incentive plans ("Incentive Options")

The Company provides benefits to defined employees of the Consolidated Entity (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions"). Approved incentive plans for the issue of options to defined employees (including executive directors) ("Plans") are in place. At 30 June 2020, there were 7,215,872 Incentive Options on issue under the Plans (31 December 2019 – 7,628,379). Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 30 June 2020 expire 5 years from the applicable grant date.

The Company did not issue any ordinary shares to participants in the Plans during the period ended 30 June 2020 upon exercise of Incentive Options as no previously granted options were exercised. The issue of shares upon the exercise of options will be governed by the terms of the relevant plan.

Vesting and exercise period - One-third of the options granted to each of the recipients will vest on each anniversary of the grant date (provided that the recipient remains employed by the Company or unless otherwise approved by the Board). The options are exercisable at any time commencing from the relevant vesting date and ending on the 5th anniversary of the date of grant of the options (i.e. expiry date). The issue of shares upon the exercise of the options will be governed by the terms of the Plans.

Details of Incentive Options on issue under the Plans at 30 June 2020 are shown in the following table:

Date options granted	Expiry Date[1]	Exercise price $	Balance at start of the period #	Issued during the period #	Cancelled or Lapsed during the period #	Exercised during the period #	Balance at end of the period #	Exercisable at end of the period #
26-Mar-15	26-Mar-20	2.00	158,337	0	(158,337)	0	0	0
1-Jul-15	1-Jul-20	2.00	329,169	0	0	0	329,169	329,169
29-Jul-15	29-Jul-20	2.00	20,834	0	0	0	20,834	20,834
1-Dec-15	1-Dec-20	2.00	20,835	0	0	0	20,835	20,835
20-May-17	20-May-22	1.00	270,010	0	(12,502)	0	257,508	257,508
22-Jun-17	22-Jun-22	0.60	50,004	0	0	0	50,004	50,004
3-Jul-17	3-Jul-22	1.00	100,002	0	0	0	100,002	66,668
1-Aug-17	1-Aug-22	1.00	91,674	0	(8,334)	0	83,340	75,006
3-Apr-18	3-Apr-23	1.00	37,500	0	0	0	37,500	25,000
4-Dec-18	4-Dec-23	0.20	6,550,014	0	(233,334)	0	6,316,680	2,183,338
Total			**7,628,379**	**0**	**(412,507)**	**0**	**7,215,872**	**3,028,363**

[1] *Since period end, an additional 916,671 incentive options have expired or lapsed.*

Other Options

The Company has granted options over shares ("Other Options") as part of fee arrangements for capital markets and other services; to non-executive Directors; and to sophisticated investors as detailed in the table below.

Entitlement – one fully paid ordinary share in the Company for each Other Option exercised. There are no vesting or exercise conditions.

Date options granted	Expiry Date	Exercise price	Balance at start of the period	Issued during the period	Cancelled or Lapsed during the period	Exercised during the period	Balance at the end of the period	Exercisable at the end of the period
		$	#	#	#	#	#	#
17-Jun-16	17-Jun-21	2.00	37,500	0	0	0	37,500	37,500
19-Apr-17	19-Apr-22	1.00	37,500	0	0	0	37,500	37,500
5-Jul-17	5-Jul-22	0.60	25,002	0	0	0	25,002	16,668
5-Jul-17	5-Jul-22	1.00	12,501	0	0	0	12,501	8,334
28-Feb-19	28-Feb-20	0.08	1,250,000	0	(1,250,000)	0	0	0
29-May-19	29-May-20	0.10	2,500,000	0	(2,500,000)	0	0	0
25-Sep-19	28-Feb-20	0.08	4,687,500	0	(4,687,500)	0	0	0
25-Sep-19	28-Feb-20	0.08	781,250	0	(781,250)	0	0	0
27-Nov-19	31-Dec-20	0.08	21,250,000	0	0	0	21,250,000	21,250,000
Total			**30,581,253**	**0**	**(9,218,750)**	**0**	**21,362,503**	**21,350,002**

13. Reserves

	30 June 2020 $'000	31 December 2019 $'000
Employee equity benefits reserve		
Opening balance	2,670	2,443
Share based payments	110	227
Total employee benefits reserve	2,780	2,670
Foreign currency translation reserve		
Opening balance	(328)	(296)
Exchange differences arising on the translation of the financial statements of foreign subsidiaries	6	(32)
Total foreign currency translation reserve	(322)	(328)
Options reserve		
Opening balance	450	378
Options expense	180	72
Total options reserve	630	450
Shares not yet issued reserve		
Opening balance	-	237
Issue of shares	-	(237)
Total shares not yet issued reserve	-	-
Total reserves	**3,088**	**2,792**

The employee equity benefits reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The options reserve is used to record the value of options issued as part of contracted fee arrangements for services to be provided by third parties.

In December 2018, $236,800 was recognised in reserves for shares not yet issued at 31 December 2018. This amount was received in cash in January 2019 pursuant to a Share Purchase Plan of the Company in December 2018 and January 2019. A further $15,000 in cash was received in January 2019. On 15 January 2019, 55,955,581 ordinary shares were issued for the $251,800 total cash received.

14. Commitments

Leases

Commitments in relation to short term leases contracted for at the reporting date but not recognised as liabilities total $18,000 at 30 June 2020.

Other commitments

The directors are not aware of any other commitments at balance date or arising since the end of the financial period that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

15. Contingent Liabilities

The directors are not aware of any material contingent liabilities at balance date or arising since the end of the financial period that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

16. Events Subsequent to Balance Date

As announced on 31 August 2020 the Company has signed a Share Purchase Agreement for the sale of TillerStack GmbH, which is expected to complete in October 2020.

The directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

DIRECTORS' DECLARATION

In the opinion of the Directors of Invigor Group Limited:

(a) The consolidated financial statements and notes set out on pages 6 to 26 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2020 and its performance for the six-month period ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

(b) There are reasonable grounds to believe that Invigor Group Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Gary Cohen	**Gregory Cohen**
Chairman and CEO	Director and CFO

Dated at Sydney this 31st day of August 2020