INVIGOR GROUP LIMITED

ACN 081 368 274

FINANCIAL REPORT

31 DECEMBER 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 financial year ended 31 December 2020.

Directors

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

Directors	Appointed
Gary Cohen – Chairman	19 July 2012
Roger Clifford	18 November 2015
Gregory Cohen	19 July 2012
Jeremy Morgan	2 March 2016
Jack Hanrahan – resigned as Director on 4 December 2020	3 July 2017
Thierry Manor	8 December 2020
Gavin Solomon	8 December 2020

Details of the experience and qualifications of directors in office at the date of this report are:

Gary Cohen
Executive Chairman and CEO
Masters of Laws (Honours 2nd), Bachelor of Laws and Bachelor of Commerce

Gary Cohen has extensive experience in the information technology industry. Gary was Executive Chairman and Chief Executive Officer of iSOFT Group Limited, an ASX listed company, from 1999 until 2010. Together with Brian Cohen, Gary built iSOFT into one of Australia's largest technology companies with operations in over 40 countries. Gary is the principal of the Marcel Equity group which is an investor in technology businesses. Gary was previously a leading legal practitioner and a principal of an Australian investment bank.

Gary has the diverse expertise and experience required to execute growth strategies for information technology focused businesses and has a proven track record of building management teams, strengthening customer relationships and developing ties with stakeholders.

Other listed company directorships in the past 3 years: MPower Group Limited (formerly known as TAG Pacific Limited) – 1999 to current

Roger Clifford
Non-Executive Director

Roger Clifford has over forty years' experience in Australia and Internationally in sales and operations, including end-to-end management of supply chains, sales activities, sourcing and customer relations. Roger is active in community service and co-founded a prominent organisation providing crisis care services for the broader Sydney community.

Other listed company directorships in the past 3 years: None

Gregory Cohen
Chief Financial Officer
Bachelor of Commerce (Marketing)

Greg has an extensive international background in financial services and general management gained from a 27-year career with Ford Credit, the captive financing arm of Ford Motor Company. Greg brings to Invigor his significant expertise in the financial services sector and operational market experience in Australia, Europe, South East Asia, India and China.

Other listed company directorships in the past 3 years: None

Jeremy Morgan
Non-Executive Director
Bachelor of Arts, Bachelor of Law

Jeremy Morgan is a seasoned corporate development executive with over 20 years' experience in value creation for companies through advisory and leading strategic initiatives. He has advised numerous Australian and international companies on their inorganic growth strategies in Australia, New Zealand, USA, UK and South-East Asia. Jeremy is a director of a private investment and advisory firm where he specialises in the technology, digital media and telecommunications sectors. Jeremy practiced law with an international firm in the early part of his career.

Other listed company directorships in the past 3 years: None

Thierry Manor
Chief Operating Officer

Thierry Manor has over 35 years of experience in the global IT industry in executive roles in Australian and multinational companies. Thierry has also worked in a range of executive roles and industries including Healthcare, Public Sector, Higher Education, eCommerce and Telecommunication. He was Country Manager at Sun microsystems, Global Director of Professional Services at iSOFT Group Limited an ASX listed company where he was responsible for the delivery and implementation teams across 40 countries, and previously Global Director of Client Services at InterSystems, a leading provider of healthcare data management systems.

Thierry is the principal of Darlot Consulting providing Strategic market entry, commercialization and advisory services including turn-around to several Start-ups and companies in ANZ, Asia Pacific and Europe.
Other listed company directorships in the past 3 years: None

Gavin Solomon
Non-Executive Director
Bachelor of Commerce, Bachelor of Law

Gavin Solomon is the Founder and Executive Chairman of PrimaryMarkets Limited (Australia). Gavin is an experienced, well recognised past Chairman and Director of several ASX listed companies. Gavin has over 35 years' experience in the Australian and Asian Equity Capital Markets. Gavin was previously the Founder and Managing Director of Helmsec Global Capital, a pan-Asian ECM house which participated in new capital raisings of over A$1.7B from 2008 to 2015. Helmsec is now a wholly owned subsidiary of PrimaryMarkets.

Gavin holds degrees in Commerce and Law, is a Notary Public and is a Fellow of the Australian Institute of Company Directors. Gavin was for the past 8 years a Non-Executive Director of the Bradman Foundation and International Cricket Hall of Fame.

Other listed company directorships in the past 3 years: None

Company Secretary
Eryl Baron – appointed 13 November 2020
Bachelor of Science in Economics

Eryl Baron has an extensive background as a Company Secretary across all areas of Corporate Governance and in a wide range of industries.

Julian Rockett – appointed 30 January 2019, resigned 13 November 2020
Bachelor of Arts, and Bachelor of Laws

Director Meetings
The number of Board meetings held and the number of meetings attended by each of the directors of the Company during the financial year were:

Directors	Board Meetings		Audit & Risk Committee Meetings[1]		Remuneration Committee Meetings[1]	
	A	B	A	B	A	B
Gary Cohen	19	19	n/a	n/a	n/a	n/a
Roger Clifford	19	19	n/a	n/a	n/a	n/a
Gregory Cohen	19	19	n/a	n/a	n/a	n/a
Jeremy Morgan	19	19	n/a	n/a	n/a	n/a
Jack Hanrahan	16	16	n/a	n/a	n/a	n/a
Thierry Manor	2	2	n/a	n/a	n/a	n/a
Gavin Solomon	2	2	n/a	n/a	n/a	n/a

A - Number of meetings held during the time the director held office during the period.
B - Number of meetings attended.
n/a – not applicable.
[1] The Board as a whole considered Audit & Risk and Remuneration matters during the reporting period.

Environmental Regulation and Performance
The Consolidated Entity is not subject to any particular or significant environmental regulations under the laws of jurisdictions in which it operates.

Principal Activity
Invigor is a B2B data intelligence and analytics company that provides data driven solutions to enable brands, suppliers and retailers to understand customers behaviour, grow revenue and margin and build loyalty through actionable insights. Invigor's products solutions include Retailer Insights, Loyalty, Pricing and Skyware (TillerStack).

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.

Significant Changes in the State of Affairs
The Company has continued operating as a B2B data intelligence and solutions group during the financial period. The business activities have been funded by drawing on new and existing debt facilities. Details are provided throughout this Directors' Report.

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 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. Further, the Company has continued to eliminate non profitable areas including the closure of the Singapore and Melbourne offices and an overall reduction in costs and overheads.

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 in mid-2021.

During the year the Company signed a contract to sell TillerStack GmbH ("TillerStack"), its subsidiary in Germany. The of TillerStack sale for US$1.2M (cA$1.7M) was completed on 15 January 2021, therefore at 31 December 2020 the TillerStack segment is presented as held for sale, and its financial results are included as discontinued operations. The 2019 comparative financial results have also been restated. Refer to note 5.

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 year ended 31 December 2020 was $4,988,000, including $30,000 loss from discontinued operations (31 December 2019 - $13,068,000 loss, including $138,000 loss from discontinued operations).

As noted under Significant changes in the state of affairs, the TillerStack subsidiary is treated as a discontinued operation, and the sale was completed in January 2021.

The result for 2020 reflects:
- Revenue from sales, licence fees and services from continuing operations from the core Pricing divisions for the year was $857,000, down 11% on the $965,000 booked in 2019 due to the closure of the Singapore office in early 2020.
- Other income including R&D tax rebates, Australian Government Job Keeper subsidies and Cashflow Boosts, and Singapore Government wages subsidies totalled $1,306,000 (2019: $1,065,000).
- $1,073,000 of revenue was booked from TillerStack GmbH in 2020, down 33% on the $1,605,000 revenue booked in 2019 due to the impacts of Covid-19 on the European market.
- A net loss before financing costs, tax, depreciation, amortisation and impairment (EBITDAI) from continuing operations of $2,379,000 (2019: $4,819,000 loss).
- Interest and borrowing costs incurred on convertible note and debt facilities of $2,324,000, up 34% on $1,732,000 in 2019.

Product offering
<u>**Data Intelligence and Analytics**</u>
The Group's Australian business is focused on two major complementary product suites within Data Intelligence and Analytics being the ***Pricing brand and retail solutions***.

The 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)

The 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)

Review of the year
2020 saw a substantial increase in sales momentum with annualised run rate up 65% by the close of the financial year ($0.9 million compared to 2019 of $0.6 million). This trend has continued in the first quarter of 2021. This has been a direct consequence of the increased demand of online commerce and the trend of major brands' strategy of moving to more direct sales to consumers (B2C). As a result of this trend brands are valuing Invigor's Pricing Insights and Profit Optimisation solutions. Major new customers include global brands with larger size and multi-year contracts. These factors have all led to the substantial increase in annualised revenue with a growing subscription base.

The sale of TillerStack was a very positive outcome for the company. 50% of the sale consideration was received in January 2021 on settlement with the balance in a converting promissory note amortising over the next 12 months. This sale has also led the Company to refine its focus on the local market. Annualised cost savings were $1.8 million leading to operational costs from continuing operations for the year being $4,582,000 (excluding impairment and share of joint venture profit) (2019: operational costs from continuing operations of $6,399,000 excluding impairment, legal settlement costs and share of joint venture profit).

Drawdown and repayment of debts
In February 2020, the Company extended the term and amount of the loan facility agreement with Marcel Equity Pty Ltd to 31 December 2021, and $7.5 million (from $5 million at 31 December 2019) with 15% pa interest. A net $404,000 was drawn down against the Marcel Equity Facility in 2020. It is intended that a significant portion (up to $5 million) of the Marcel Equity facility will be converted to equity subject to shareholder approval. See below under 'Events subsequent to reporting date'.

During 2020, the 2019 Convertible Note of $500,000 was set-off by the Company against a receivable of the same amount from the same investor.

During 2020 the Company made the following loan repayments:

- The 2019 R&D funding loan facility from Finarch Holdings Pty Limited of $710,000 was repaid in full during 2020.
- $147,000 was repaid to Karoo Investment Group Pty Limited in 2020, with a balance of $220,000 unsecured loan remaining at 31 December 2020.
- $33,000 was repaid to Partners for Growth in 2020, with a balance of $217,000 remaining at 31 December 2020.

In November 2020, the Company varied the Loan Agreement with Finarch Holdings Pty Limited under which the lender made available a facility in the amount of $640,000 at an interest rate 20% p.a, repayable by 10 May 2021. In December 2020, the Finarch facility was again extended for an additional facility $850,000 (bringing the total loan facility to $1,490,000), repayable in instalments up to 10 August 2021, subject to an extension option in the Company's favour. Amounts drawn under the facility are secured against the grant receivable and the Promissory Note issued by the Purchaser of TillerStack GmbH. In January 2021 the Company repaid $350,000 to Finarch Holdings Pty Limited, and on 19 March 2021 the Company repaid a further $76,000 to Finarch Holdings Pty Limited.

In December 2020 the Company entered into secured loan agreements with certain employees totalling $787,000. Interest accrues at 15% per annum. The loans are repayable by 30 April 2021.

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

Directors' interests
The relevant interests of each Director, including their personally related entities, in the equity of the Company at the date of this report are disclosed in the Remuneration Report.

Remuneration Report

The Remuneration Report for the year ended 31 December 2020 is set out on pages 11-15 and forms part of this Directors' Report.

Share options

(a) Options granted under incentive plans

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 granting of options to defined employees (including executive directors) ("Plans") are in place. At 31 December 2020, there were 5,611,698 options on issue under the Plans (2019 – 7,628,379).

Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 31 December 2020 expire 5 years from the applicable grant date.

The Company did not issue any ordinary shares to participants in the Plans during the year ended 31 December 2020 upon exercise of 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.

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 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	(329,169)	0	0	0
29-Jul-15	29-Jul-20	2.00	20,834	0	(20,834)	0	0	0
1-Dec-15	1-Dec-20	2.00	20,835	0	(20,835)	0	0	0
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	(1,466,670)	0	5,083,344	3,745,844
Total			**7,628,379**	**0**	**(2,016,681)**	**0**	**5,611,698**	**4,220,031**

(b) 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.

During the period, no ordinary shares were issued on exercise of options.

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	25,002
5-Jul-17	5-Jul-22	1.00	12,501	0	0	0	12,501	12,501
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	(21,250,000)	0	0	0
Total			**30,581,253**	**0**	**(30,468,750)**	**0**	**112,503**	**112,503**

Indemnification and Insurance of Officers

The Company's Constitution provides that the Company may indemnify any current or former Director, Secretary or executive officer of the Company or of a subsidiary of the Company out of the property of the Company against every liability incurred by a person in that capacity (except a liability for legal costs) and against all legal costs incurred in defending proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity.

In accordance with the provisions of the Corporations Act 2001, the Company has a Directors and Officers Liability policy which covers all past, present or future Directors, secretaries and executive officers of the Company and its controlled entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The indemnification and insurances are limited to the extent permitted by law.

Events subsequent to reporting date

As per note 5, subsequent to period end the sale of TillerStack GmbH has completed, and the balance of USD450,000 ($548,000) cash consideration was received on 18 January 2021. The first deferred consideration payment (via Promissory Note) was received on 17 February 2021 of USD50,000 ($65,000), and the second payment (via Promissory Note) was received on 19 March 2021 of USD49,000 ($62,000).

As per note 16, in January 2021 the Company repaid $350,000 to Finarch Holdings Pty Limited (against total loan at 31 December 2020 of $1,490,000), and on 19 March 2021 the Company repaid a further $76,000 to Finarch Holdings Pty Limited, making the total repaid to the date of this report $426,000.

Since balance date, the Company has repaid (in instalments) the balance of $69,000 due to Raus Capital toward the convertible note dispute settlement (refer to note 18).

On 29 January 2021, the Company announced that Sun Asia Group have commenced proceedings against the Company, Gary Cohen and Gregory Cohen, seeking relief from the agreements previously entered into, and seeking damages. The Company are proposing to file a defence to the proceedings and a cross claim, and have applied for security of costs. As per note 6, the deposit paid to Sun Asia of $250,000 in 2019 has been impaired in the year ended 31 December 2020.

On 19 February 2021, the Company announced that PrimaryMarkets (a Director related party) has been appointed to assist in a capital raise by the issue of up to $1.5 million in unsecured convertible notes. To the date of this report $0.03 million has been raised via the issue of unsecured convertible notes. PrimaryMarkets have also been appointed to work on the Company's planned capital raise of approximately $10 million.

Planned General Meeting

The Company intends to prepare resolutions and the required Notices, and intends to call a General Meeting of shareholders in mid-2021. The resolutions seek approval for transactions including:

- the conversion of substantial debt from Marcel Equity and convertible note holders into equity; and
- a significant capital raise through the issue of ordinary shares.

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.

Likely Developments and Prospects

The Company has increased its focus on growth of the Retail Insights and Pricing Insights solutions targeted at both brands and retailers which will assist the Company's performance.

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. A proposed General Meeting of shareholders in mid-2021 will seek approval for the raising of approximately $10 million in capital. The Company may decide to break up the capital raising into several tranches.

The Company also intends and has committed 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.

Audit and Non-Audit Services

Fees paid or payable by the Consolidated Entity for services provided by the Company's auditor, Moore Stephens during the year were:

	2020	2019
	$	$
Audit services	63,000	82,520
Other services	-	-
	63,000	82,520

Fees paid or payable by the Consolidated Entity for services provided by other audit firms during the year were:

Audit services	17,952	27,452
Other services	0	4,474
	17,952	31,926
Total	80,952	114,446

The Board has considered the non-audit services provided during the year by the audit firms and is satisfied that the provision of those non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor.
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES110 – Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 16 and forms part of the Directors' Report for the year ended 31 December 2020.

Rounding off

In accordance with the Australian and Securities Investments Commissions Corporation (Rounding in Financial/Directors Reports) Instrument 2016/191, amounts in the financial report and Directors' Report are rounded to the nearest thousand dollars unless otherwise stated.

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

Gary Cohen
Chairman and CEO

Gregory Cohen
Director and CFO

Dated at Sydney this 30th day of March 2021

REMUNERATION REPORT - AUDITED

Principles used to determine the nature and amount of remuneration

The Board (or the Remuneration Committee as charged by the Board) is responsible for designing and reviewing remuneration policies that align the remuneration of executives with the interests of shareholders. Remuneration packages for key management personnel are set to properly reflect an executive's duties and responsibilities and to be competitive in attracting, retaining and motivating appropriately qualified and experienced people capable of managing the Company's operations and achieving the Company's business objectives. Remuneration arrangements are reviewed annually having regard to various factors, including key performance objectives, an appraisal process and relevant comparative information. In 2018, the Company implemented a revised Performance Goals and Review process for all staff. Independent expert advice on remuneration packages will be obtained if considered necessary with appropriate protocols put in place so that recommendations will be free from any undue influence by key management personnel.

In addition to fixed remuneration, represented by a base salary and employer contributions to superannuation funds, remuneration packages may also include:

- cash bonuses linked to the achievement of agreed individual performance objectives and/or the overall performance of the Company;
- sales commission for certain eligible employees (including Key Management Personnel);
- participation in formally documented long-term incentive plans;
- termination entitlements; and
- fringe benefits.

Remuneration arrangements and other terms of employment are documented in service agreements or letters of employment.

Company performance	**2020**	**2019**	**2018**	**2017**	**2016**
Profit (loss) for the period from continuing operations ($'000)	(4,958)	(12,930)	(8,650)	(13,685)	(6,775)
Profit (loss) attributable to the owners of the Company ($'000)	(4,988)	(13,068)	(12,334)	(13,150)	(6,775)
Basic earnings (loss) per share (cents)	(3.28)	(0.61)	(0.93)	(2.16)	(1.68)
Dividends per share	Nil	nil	nil	nil	nil
Share price – closing at balance date ($)	0.025[1]	0.025[1]	0.004	0.014	0.016

[1] *Share price for balance date 2020 and 2019 is the last share price before the Company's shares were voluntarily suspended on 30 October 2019.*

Long term incentive plans

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.

Formal incentive plans for the granting of options to defined employees ("Plans") are in place. The purpose of the Plans is to provide participants with an incentive to remain with the Consolidated Entity and work to improve the longer-term performance of the Company and its returns to shareholders. The rules of the Plans have been approved by shareholders and were last approved at the Annual General Meeting held in June 2017. The Plans are open to Executive Directors and senior management personnel under the same qualification criteria as other employees. The terms of any options granted are determined by the directors in accordance with the rules of the Plans.

Non-executive directors

Fees for services provided by non-executive directors are paid in cash. Fees for non-executive directors are determined by the Board and reviewed annually within the maximum amount approved by shareholders. The maximum amount currently stands at $400,000 per annum in aggregate for all non-executive directors of the Company. Non-executive directors do not participate in performance-based plans unless these have been approved by shareholders. The Company does not use options as a means to remunerate non-executive directors unless the granting of such options has been approved by shareholders.

Non-executive director fees have been set at $25,000 per annum (plus superannuation) each since July 2012. Directors who are members of the Audit & Risk Committee or Remuneration Committee do not receive additional fees.

Key Management Personnel (KMP) remuneration (Company and Consolidated)

	Short Term			Post-Employment	Other Long Term	Share based		
Year ended 31 December 2020	**Cash salary, fees, commission and compensated absences**	**Bonus**	**Non-cash benefits**	**Super-annuation**	**Long Service Leave**	**Options and Shares**	**Total**	**Proportion of rem-uneration performance related**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors								
Roger Clifford	25,000	-	-	-	-	-	**25,000**	-
Gary Cohen	241,154	-	-	25,425	3,113	34,000	**303,692**	-
Gregory Cohen	223,656	-	-	-	-	34,000	**257,656**	-
Jeremy Morgan[1]	30,500	-	-	2,375	-	-	**32,875**	-
Jack Hanrahan[2]	25,094	-	-	-	-	292	**25,386**	-
Thierry Manor[3]	193,846	-	-	17,549	283	-	**211,678**	
Gavin Solomon[4]	1,725	-	-	-	-	-	**1,725**	-
Executives								
Rohan Dhowan[5]	208,507	-	-	18,723	302	-	**227,532**	
Michael Stone[6]	224,116	-	-	19,364	(46,228)	1,150	**198,402**	-
Total	**1,173,598**			**83,436**	**(42,530)**	**69,442**	**1,283,946**	

[1] Received JobKeeper top-up payments of $5,500 in 2020 which are included in cash salary disclosed above
[2] Resigned as a Director on 4 December 2020
[3] Appointed as a Director on 8 December 2020, previously KMP from 1 October 2019
[4] Appointed as a Director on 8 December 2020
[5] KMP from 1 January 2020
[6] Resigned as KMP on 13 November 2020, the negative long service leave (LSL) amount disclosed above reflects the movement in the provision for LSL for Michael Stone

	Short Term			Post-Employment	Other Long Term	Share based		
Year ended 31 December 2019	**Cash salary, fees and compensated absences**	**Bonus**	**Non-cash benefits**	**Super-annuation**	**Long Service Leave**	**Options and Shares**	**Total**	**Proportion of rem-uneration performance related**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors								
Roger Clifford	25,000	-	-	-	-	-	**25,000**	-
Gary Cohen	308,076	-	-	15,015	4,272	34,000	**361,363**	-
Gregory Cohen	270,531	-	-	-	-	34,000	**304,531**	-
Jeremy Morgan	25,000	-	-	-	-	-	**25,000**	-
Bob McKinnon[1]	25,363	-	-	-	-	1,350	**26,713**	-
Jack Hanrahan	27,375	-	-	-	-	583	**27,958**	-
Claire Mula[2]	93,760	50,000	-	7,917	-	38,667	**190,344**	-
Executives								
Michael Stone	203,166	-	-	16,216	1,305	36,300	**256,987**	-
Thierry Manor[3]	48,461			2,850	43	-	**51,354**	
Leslie Cohen[4]	75,761	-	-	6,333	804	36,300	**119,198**	-
Total	**1,102,493**	**50,000**	-	**48,331**	**6,424**	**181,200**	**1,388,448**	

[1] Resigned as Director on 18 June 2019
[2] Resigned as Director on 31 May 2019, and as COO on 30 June 2019
[3] KMP, Executive (Commercial Director) from 1 October 2019
[4] KMP, Executive (Commercial Director and CEO, TillerStack) until 20 May 2019

Directors' interests
The movement in the number of securities and interests in securities of the Company held during the financial year by directors who hold or held office during the financial year, including their personally related entities, are set out below.

Ordinary shares	Balance at 1 Jan 2020 #	Purchases / disposal #	Transfers in (out) upon becoming (ceasing to be) a director #	Balance at 31 Dec 2020 #	Net purchased from 31 Dec 2020 to date of this report #	Balance at the date of this report #
Roger Clifford	565,477	-	-	565,477	-	565,477
Gary Cohen	17,364,204	-	-	17,364,204	-	17,364,204
Gregory Cohen	2,901,928	-	-	2,901,928	-	2,901,928
Jeremy Morgan	327,381	-	-	327,381	-	327,381
Jack Hanrahan[1]	163,585	-	(163,585)	-	-	-
Gavin Solomon[2]	-	-	-	-	-	-
Thierry Manor[2]	-	-	-	-	-	-

[1] Resigned as a Director on 4 December 2020
[2] Appointed as a Director on 8 December 2020

Options granted to key management personnel

Incentive Option plan

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 granting of options to defined employees (including executive directors) ("Plans") are in place. At 31 December 2020, there were 5,611,698 options on issue under the Plans (2019 – 7,628,379).

Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 31 December 2020 expire 5 years from the applicable grant date.

The Company did not issue any ordinary shares to participants in the Plans during the year ended 31 December 2020 upon exercise of 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.

A share-based payment expense of $171,000 (2019 - $227,000) was recognised during the year for incentive options of which $69,150 related to incentive options granted to key management personnel (2019 - $179,267).

Terms of Issue
Exercise price: Options issued to KMP in 2017; $1.00 per option, Options issued in 2018; 20.0 cent per option (option price adjusted by share consolidation in October 2019).
Issue date: No options were issued to KMP in 2020.
Vesting period: For the majority of options, one-third of the options granted to each recipient will vest on each anniversary of the grant or issue date provided the recipient remains employed by the Company or continues to provide executive services. Some options on issue under the Plans may have varying vesting dates.
Exercise period: The options will be exercisable at any time commencing from the relevant vesting date and ending (expiring) on the 5th anniversary of the date of grant or issue of the options.
Fair values: No options were issued to KMP in 2020.

Details of the number of incentive options granted to key management personnel of the Consolidated Entity, including their personally related entities, during the financial year and the balance held at the end of the financial year are set out below.

2020 Incentive Plan Options	Balance at 1 January 2020 #	Granted during the financial year #	Lapsed/ Cancelled during the financial year #	Transfers in / (Transfers out)[1] #	Balance at 31 December 2020 #	Vested during the financial year #	Vested and exercisable at 31 December 2020 #
Directors							
Roger Clifford	-	-	-	-	-	-	-
Gary Cohen	1,225,000	-	(225,000)	-	1,000,000	333,334	666,667
Gregory Cohen	1,100,000	-	(100,000)	-	1,000,000	333,334	666,667
Jeremy Morgan	-	-	-	-	-	-	-
Jack Hanrahan[2]	-	-	-	-	-	-	-
Thierry Manor[3]	-	-	-	-	-	-	-
Gavin Solomon[4]	-	-	-	-	-	-	-
Executives							
Michael Stone[5]	1,062,502	-	(666,668)	(370,834)	-	-	-
Rohan Dhowan[6]	-	-	-	-	-	-	-

[1] Transfers in upon becoming a director/KMP Executive or transfers out upon ceasing to be a director/KMP Executive
[2] Resigned as a Director on 4 December 2020
[3] Appointed as a Director on 8 December 2020, previously KMP from 1 October 2019
[4] Appointed as a Director on 8 December 2020
[5] Resigned as KMP on 13 November 2020
[6] KMP from 1 January 2020

Other Option plan

The Company also provides other option entitlements to non-executive directors. All grants are in accordance with terms approved by shareholders. 50,000 other options were held by non-executive directors at 31 December 2020 (31 December 2019 – 62,500). A share-based payment expense of $292 was recognised in the year (31 December 2019 - $1,933) in relation to non-executive directors.

Other Options	Balance at 1 January 2020 #	Granted during the financial year[1] #	Lapsed/ cancelled during the financial year #	Transfers in / (Transfers out)[1] #	Balance at 31 December 2020 #	Vested during the financial year #	Vested and exercisable at 31 December 2020 #
Roger Clifford	25,000	-	-	-	25,000	-	25,000
Gary Cohen	-	-	-	-	-	-	-
Gregory Cohen	-	-	-	-	-	-	-
Jeremy Morgan	25,000	-	-	-	25,000	-	25,000
Jack Hanrahan[2]	12,500	-	-	(12,500)	-	-	-
Thierry Manor[3]	-	-	-	-	-	-	-
Gavin Solomon[4]	-	-	-	-	-	-	-

[1] Transfers in upon becoming a director/KMP Executive or transfers out upon ceasing to be a director/KMP Executive
[2] Resigned as a Director on 4 December 2020
[3] Appointed as a Director on 8 December 2020, previously KMP from 1 October 2019
[4] Appointed as a Director on 8 December 2020

Employment arrangements for executive key management personnel

The executive key management personnel during 2020 were:

Gary Cohen	Chief Executive Officer
Gregory Cohen	Executive Director – Chief Financial Officer
Thierry Manor	Commercial Director
Rohan Dhowan	Sales Director – from 1 January 2020
Michael Stone	Director of Product – resigned 13 November 2020

The remuneration arrangements for each of these key management personnel during 2020 were:

- Employment agreements:
  - Gary Cohen's base remuneration was $300,000 per annum plus superannuation. From 1 April 2020, Gary Cohen took a voluntary 33% reduction in base salary to assist with cashflow during the Covid-19 period. The notice period for Gary Cohen is six months, and no termination payments are provided for under the employment agreement.
  - Gregory Cohen's base remuneration was $272,495 per annum. From 1 April 2020, Greg Cogen took a voluntary 25% reduction in base remuneration to assist with cashflow during the Covid-19 period.

  Gregory Cohen's arrangements are in place via a consultancy agreement with a personally related entity. The notice period under this agreement is six months.
  - Michael Stone's base remuneration was $200,000 per annum plus superannuation. The notice period under the employment agreement was one month.
  - Thierry Manor's base remuneration was $180,000 per annum plus superannuation. The notice period under the employment agreement is one month.
  - Rohan Dhowan's base remuneration was $180,000 per annum plus superannuation. The notice period under the employment agreement is one month.
- Michael Stone, Thierry Manor and Rohan Dhowan are eligible to receive sales commission in addition to base remuneration. Sales commission is calculated as up to 10% of cash from customers collected per quarter, exclusive of GST and direct third-party costs. Sales commission is discretionary.
- Entitlement to participate in long term incentive arrangements as detailed above.
- Short term bonus arrangements ("Bonus"). Bonus payments are discretionary and based on the Company being profitable. Bonuses will be calculated in accordance with the following principles:
  - A Group Bonus Pool will be determined first on the Company reaching its Target EBITDA ("Target").
  - If EBITDA is less than 90% of the Target, the Group Bonus Pool will not be activated.
  - If EBITDA is between 90% and 100% of the Target, the Bonus Pool will grow from 50% to 100% pro rata.
  - If there is overachievement of the Target, an additional 33% Group Bonus Pool will be added pro rata up to a maximum Target of 150% overachievement.
  - Generally, KMP will be entitled to 100% of their base remuneration (not including superannuation) for Over Target Earnings.
  - If the Group Bonus Pool is not activated, then no KMP will be entitled to a Bonus.
  - Bonuses will be paid in cash unless there is an election by the executive to receive up to 50% of the Bonus in shares in the Company.

No Bonuses under the incentive arrangements were paid or are payable to key management personnel for the 2020 financial year (2019: nil).

MOORE

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF INVIGOR GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Moore Australia

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit and Assurance

Melbourne, Victoria

30 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**Consolidated 31 December 2020** $'000	**Consolidated 31 December 2019 Restated[1]** $'000
Revenue	3	857	965
Other revenue/income	4	1,306	1,065
Total revenue/other income		**2,163**	**2,030**
Employee benefits expense	7(a)	(2,952)	(4,302)
Professional fees		(438)	(600)
Impairment of assets	6,14	(250)	(4,487)
Legal settlement costs		-	(500)
Other operating costs	7(b)	(1,192)	(1,497)
Profit/ (Loss) from Joint Venture	11	40	50
Total profit (loss) before financing costs, tax, depreciation and amortisation		**(2,629)**	**(9,306)**
Depreciation and amortisation	13,14	(5)	(1,892)
Total profit (loss) before financing costs and tax		**(2,634)**	**(11,198)**
Financing costs		(2,324)	(1,732)
Profit (loss) before income tax		**(4,958)**	**(12,930)**
Income tax benefit (expense)	8	-	-
Profit (loss) for the period from continuing operations		**(4,958)**	**(12,930)**
Discontinued operation			
Profit (loss) from discontinued operations, net of tax	5	(30)	(138)
Profit (loss) of the period		**(4,988)**	**(13,068)**
Other comprehensive income			
Foreign currency translation reserve		48	(32)
Total comprehensive income (loss) for the period		**(4,940)**	**(13,100)**
Earnings per share		**Cents**	**Cents**
Basic earnings (loss) per share attributable to ordinary equity holders	30	(3.28)	(0.61)
Diluted earnings (loss) per share attributable to ordinary equity holders	30	(3.28)	(0.61)
Earnings per share – continuing operations		**Cents**	**Cents Restated[1]**
Basic earnings (loss) per share attributable to ordinary equity holders	30	(3.26)	(0.60)
Diluted earnings (loss) per share attributable to ordinary equity holders	30	(3.26)	(0.60)

[1] 31 December 2019 comparatives have been restated to remove discontinued operations. Refer to Note 5.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated 31 December 2020 $'000	Consolidated 31 December 2019 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	1	3
Trade and other receivables	10	274	1,214
Assets held for sale	5	103	-
Total Current Assets		378	1,217
NON-CURRENT ASSETS			
Property, plant and equipment	13	1	21
Investments accounted for using the equity method	11	-	12
Total Non-Current Assets		1	33
TOTAL ASSETS		**379**	**1,250**
CURRENT LIABILITIES			
Cash and cash equivalents	9	84	76
Trade and other creditors and accruals	15	6,681	4,559
Interest bearing loans and borrowings	16	11,560	10,168
Provisions	17	205	518
Liabilities held for sale	5	327	-
Total Current Liabilities		18,857	15,321
NON-CURRENT LIABILITIES			
Provisions	17	25	24
Total Non-Current Liabilities		25	24
TOTAL LIABILITIES		**18,882**	**15,345**
NET ASSETS (LIABILITIES)		**(18,503)**	**(14,095)**
EQUITY			
Issued capital	20	155,105	155,105
Reserves	22	3,372	2,792
Accumulated losses		(176,980)	(171,992)
TOTAL EQUITY		**(18,503)**	**(14,095)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated 31 December 2020[1] $'000	Consolidated 31 December 2019[1] $'000
Cash flows from operating activities			
Receipts from customers		2,354	3,057
Payments to suppliers and employees		(3,967)	(6,734)
Other income received		1,230	1,041
Net cash from (used in) operating activities	31	**(383)**	**(2,636)**
Cash flows from investing activities			
Disposal of discontinued operations, net of cash disposed	5	235	195
Proceeds from other assets		36	143
Payments as deposit for acquisition of business operations		-	(250)
Net cash from (used in) investing activities		**271**	**88**
Cash flows from financing activities			
Proceeds from issue of shares	20	-	782
Proceeds from issue of convertible notes		-	500
Proceeds from borrowings		1,918	5,579
Borrowing costs paid		(617)	(431)
Repayment of borrowings		(1,125)	(4,093)
Capital raising costs paid		-	(17)
Net cash flow from (used in) financing activities		**176**	**2,320**
Net increase (decrease) in cash and cash equivalents		64	(228)
Cash and cash equivalents at 1 January		(73)	155
Cash and cash equivalents at 31 December		**(9)**	**(73)**
Less net cash flow from discontinued operations	5	**(74)**	
Cash and cash equivalents at 31 December	9	**(83)**	

[1] Including discontinued operations, refer to note 5.

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	-	(4,988)	-	(4,988)
Foreign currency translation reserve	-	-	48	48
Total comprehensive income (loss)	**-**	**(4,988)**	**48**	**(4,940)**
Transactions with owners in their capacity as owners:				
Issue of shares	-	-	-	-
Share based payments reserve	-	-	171	171
Options reserve	-	-	361	361
Capital raising costs reversed (incurred)	-	-	-	-
Balance at 31 December 2020	**155,105**	**(176,980)**	**3,372**	**(18,503)**
Balance at 1 January 2019	**153,575**	**(158,924)**	**2,762**	**(2,587)**
Profit (loss) for the period	-	(13,068)	-	(13,068)
Foreign currency translation reserve	-	-	(32)	(32)
Total comprehensive income (loss)	**-**	**(13,068)**	**(32)**	**(13,100)**
Transactions with owners in their capacity as owners:				
Issue of shares	1,617	-	-	1,617
Shares not yet issued reserve	-	-	(237)	(237)
Share based payments reserve	-	-	227	227
Options reserve	-	-	72	72
Capital raising costs reversed (incurred)	(87)	-	-	(87)
Balance at 31 December 2019	**155,105**	**(171,992)**	**2,792**	**(14,095)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant accounting policies

This general purpose consolidated financial report for the year ended 31 December 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. The principal accounting policies adopted in the preparation of the consolidated financial report are set out below and have been consistently applied by each entity in the Consolidated Entity for all periods presented, unless otherwise stated. Refer to note 1(w) for details of new accounting policies adopted in the period.

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

(a) Statement of compliance

This financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report of the Consolidated Entity complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial assets which are measured at fair value. The methods used to measure fair value are discussed further in Note 12.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year when required by accounting standards, and to restate profit or loss items to remove discontinued operations (refer to Note 5). Where the Consolidated Entity has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the entities in the Consolidated Entity during the reporting period.

In accordance with the Australian and Securities Investments Commissions 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) 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 year ended 31 December 2020 the Group incurred a net loss of $5.0m, of which $5.0m was from continuing operations (2019: $13.1m loss of which $12.9m loss was from continuing operations), had net cash outflows from operating activities of $0.4m (2019: $2.6m), and at that date the Group's current liabilities exceed its current assets by $18.5m (2019: $14.1m).

The Financial Report has been prepared on a going concern basis on the basis that the Company can raise additional debt and/or equity. See Note 16 and the accompanying table in relation to the current level of debt and proposals that the Company intends to undertake in relation thereto.

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

- The anticipated increase in contracted revenue resulting from its focus on growth of the Pricing Insights and related solutions targeted at both brands and retailers which will assist the Company's performance;
- The proceeds from the Convertible Promissory Note paid monthly over the next 12 months by ZenaTech Inc. from the sale of TillerStack GmbH;
- 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 year $0.5 million 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 note 16;
- 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 by mid-2021;
- The continued support and extension of financing facilities provided by the Company's lenders and convertible note holders as per note 16;
- 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 mid-2021 will seek approval for the raising of approximately $10 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 Company's ability to raise the proposed $10 million and continue as a going concern is dependent on the company's ability to meet the ASX's relisting requirements in order for it to be able to be reinstated on the ASX during 2021.

The Company has also implemented a Safe Harbour Plan and the Directors confirm that the Company is in full compliance with the provisions of this Plan at the date of this financial report.

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.

(d) Use of estimates and judgements

The preparation of a 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 next financial year are the measurement of Receivables (Note 10), Intangible assets (Note 14), Tax losses (Note 8) and Interest-bearing loans and borrowings (Note 16).

(e) Principles of consolidation

Subsidiaries

The consolidated financial statements of Invigor Group Limited incorporate the assets and liabilities of all entities controlled by the Company as at 31 December 2020 and the results of all controlled entities for the year then ended. Control exists when the Consolidated Entity has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Associates and jointly controlled entities

Associates are those entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Consolidated Entity has joint control, established by contractual agreement. In the consolidated financial statements, investments in associates and jointly controlled entities are accounted for using either fair value through profit or loss or the equity method of accounting.

The Consolidated Entity's investments in associates and jointly controlled entities include goodwill identified on acquisition net of impairment losses, if any. Where the fair value through profit or loss method is applied, the carrying amount of investments in associates or jointly controlled entities is restated to the assessed fair value with changes recognised in the income statement. Such investments are classified as "Other financial assets" in the balance sheet.

Where the equity method is applied, the consolidated financial statements include the Consolidated Entity's share of the total recognised gains and losses of associates or jointly controlled entities on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Consolidated Entity's share of losses exceeds its interest in an associate or jointly controlled entity, the Consolidated Entity's carrying amount is reduced to $nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred obligations or made payments on behalf of the associate or jointly controlled entity.

Transactions eliminated on consolidation

All intercompany balances, unrealised income and unrealised expenses arising from intra-group transactions, have been eliminated in full.

Unrealised gains or losses on transactions between the Consolidated Entity and its equity accounted investments are eliminated to the extent of the Consolidated Entity's interest in those entities.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(f) Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items that are outstanding at reporting date are translated at the foreign exchange rate prevailing at that date.

Foreign exchange gains and losses arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the exchange rates prevailing at the dates the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at balance date.

The income and expenses of foreign operations are translated into Australian dollars at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues and expenses are translated at exchange rates at the dates of the transactions). Any exchange differences arising on translation are taken directly to the Foreign currency translation reserve in equity.

Exchange differences arising from the translation of a net investment in foreign operations, and of related hedges, are taken to the Foreign currency translation reserve and are released into the income statement upon a disposal resulting in a loss of control.

(g) Revenue

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimate of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customers of the goods or services promised.

Licence subscription revenue

Licence subscription revenue, which includes support services, is accounted for as a separate performance obligation. Sales of licence subscriptions provide the customer with a right of use of the group's software as it exists throughout the licence period. Revenue is typically paid in advance on an annual, quarterly or monthly basis. Revenue is recognised evenly over the non-cancellable term of the contract. Revenue received in advance of the performance of services is deferred and recognised as contract liabilities.

Licence set-up

Rendering of services being set-up and development of customised software or applications typically does not result in the customer receiving a good or service which is distinct from the rendering of associated licence subscription services. As a result, any revenue separately attributable to set-up or development is recognised evenly over the non-cancellable term of the contract as described above.

Projects (including pilot programs)

Project revenue, which includes delivery of customised data and reports, and pilot programs for licence subscription, is recognised when the performance obligations have been satisfied with reference to the stage of completion. Stage of completion refers to contractual milestones or deliverables, and revenue is recognised at a point in time when the milestone or deliverable has been satisfied.

Sale of goods (including customised hardware)

Sale of goods revenue is recognised when the performance obligation to transfer control of the goods to the customer is satisfied, which occurs either at the point of sale or when delivery is completed by way of shipping the product to the location specified by the customer, and the ownership risks have therefore passed to the customer pursuant to the contract. Amounts disclosed are net of sales returns and trade discounts.

Maintenance and support

Maintenance and support revenue is accounted for as a separate performance obligation. Revenue is typically paid in advance on an annual, quarterly or monthly basis. Revenue is recognised evenly over the non-cancellable term of the contract. Revenue received in advance of the performance of services is deferred and recognised as contract liabilities.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants that compensate the Group for expenses incurred are recognised in profit or loss; within 'Other income'; on a systematic basis in the periods in which the expenses are recognised. Note 4 provides further information on government grants. For the year ended 31 December 2020, the Group self-assessed its eligibility to access Australian and Singapore government COVID-19 related grants. The Group was eligible for the Australian Government COVID-19 Job Keeper program from April 2020 to September 2020. There were no unfulfilled conditions or other contingencies attaching to these government grants.

Interest income

Interest income is recognised in the income statement on an accrual's basis, using the effective interest method.

Dividend income

Dividend income is recognised in the income statement when the entity's right to receive payment is established.

(h) Financing costs

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method, costs incurred in establishing and maintaining borrowing facilities for use in funding business acquisitions, foreign exchange gains and losses on foreign currency borrowings, unwinding of the discount on provisions, fair value movements on other financial assets at fair value through the profit or loss where considered part of the borrowing cost, and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in profit or loss using the effective interest method unless they relate to a qualifying asset in which case they are capitalised in the relevant asset.

(i) Leases

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 (i.e., 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.

The operating lease commitments of the Group at 31 December 2020 relate to short-term leases, therefore no right of use asset has been recognised, and the contracts are recognised as operating expenses on a straight-line basis over the term of the lease.

(j) 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.

(k) Income tax

The income tax expense or benefit on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax is the expected tax payable on the current period's taxable income, using tax rates enacted or substantially enacted at balance date. Current tax also includes any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the underlying items and the tax rates which are enacted or substantially enacted at balance date and expected to apply when the assets are recovered or liabilities are settled. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising from the recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly-owned Australian controlled entities formed a tax consolidated group on 10 October 2012 meaning that all members of the tax consolidated group are taxed as a single entity from that date. The Company is the head entity of the tax consolidated group.

(l) 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.

<u>Impairment</u>

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.

(m) Property, plant and equipment
Items of property, plant and equipment are stated at historical cost less accumulated depreciation, accumulated amortisation and impairment losses (refer note 1(t)). The carrying amount of an item of property, plant and equipment includes the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will eventuate and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the income statement as incurred.

Depreciation or amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows: Property, plant and equipment - 3 years, and Computer equipment - 2 years. Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

(n) 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 acquisitions 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.

(o) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sales rather than continuing use.

Such assets, or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets (if any), which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and ay equity accounted invested is no longer equity accounted.

(o) Creditors and payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the period and which remain outstanding at balance date. Creditors are stated initially at fair value and subsequently at amortised cost, are unsecured, and are usually paid within 60 days of recognition.

(p) Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value. Fair value is calculated based on discounted expected future principal and interest cash flows. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with income/expense recognised in profit or loss on an effective interest basis.

(q) Employee entitlements

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The Consolidated Entity's net obligation for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

Profit-sharing and bonus plans

The Consolidated Entity recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made. The liability is not discounted as it is settled within 12 months.

(r) Employee benefits expense – share based payments

The Consolidated Entity may provide benefits to its employees, including directors, in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity (Employee equity benefits reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined using an appropriate option pricing model (e.g., Black-Scholes). In determining fair value, no account is taken of any performance conditions other than those related to the share price of Invigor Group Limited.

(s) Provisions

Provisions are recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting expected future cash flows at a market rate.

(t) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that have a definite useful life and are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is measured by reference to fair value less costs to sell and value in use. An impairment loss is recognised in the income statement unless the asset has previously been revalued, in which case the loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

(u) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the collection of instalment amounts due from shareholders are accounted for as a deduction from equity, net of any related income tax benefit.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) New and revised accounting standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 be the Board of Directors.

The Consolidated Entity has identified TillerStack GmbH (discontinued in 2020) 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

Year ended 31 December 2020	TillerStack GmbH (discontinued) $'000	Australia & SE Asia $000	Consolidated Total $'000
Revenue from external customers	1,073	857	1,930
Other revenue/income[1]	-	1,306	1,306
Total segment revenue/income	**1,073**	**2,163**	**3,236**
EBITDA (before impairment)	(19)	(2,379)	(2,398)
Finance costs	-	(2,324)	(2,324)
Depreciation and amortisation	(11)	(5)	(16)
Year ended 31 December 2019			
Revenue from external customers	1,605	965	2,570
Other revenue/income[1]	-	1,065	1,065
Total segment revenue/income	**1,605**	**2,030**	**3,635**
EBITDA (before impairment)	147	(4,819)	(4,672)
Finance costs	(6)	(1,732)	(1,738)
Depreciation and amortisation	(39)	(1,892)	(1,931)

[1] Refer note 4 for breakdown

b) Reconciliation of segment EBITDA to profit (loss) before income tax is as follows:	Consolidated 2020 $'000	Consolidated 2019 $'000
Total EBITDA for reportable segments	**(2,398)**	**(4,672)**
Depreciation and amortisation for reportable segments	(16)	(1,931)
Impairment charges	(250)	(4,727)
Finance costs for reportable segments	(2,324)	(1,738)
Elimination of discounted operations	30	138
Profit (loss) for the period from continuing operations	**(4,958)**	**(12,930)**

c) Revenue & other income by geographical region	Consolidated 2020 $'000	Consolidated 2019 $'000
Australia	2,120	1,782
Asia (Singapore)	43	248
Germany (TillerStack – discontinued operation)	1,073	1,605
Total revenue & other income	**3,236**	**3,635**

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 (from continuing operations)

a) Revenue by Product

	Consolidated 2020 $'000	Consolidated 2019[1] $'000
Pricing (including Spotlite in 2019)	622	546
Dynamic Pricing	88	14
Loyalty (including Visitor in 2019)	19	405
Professional services	128	-
Total revenue from contracts with customers	**857**	**965**

b) Disaggregation of revenue

	Consolidated 2020 $'000	Consolidated 2019[1] $'000
Licence subscription fees including support services	788	771
Licence and application set up fees	-	45
Project fees	69	149
Total revenue	**857**	**965**

c) Timing of revenue recognition

	Consolidated 2020 $'000	Consolidated 2019[1] $'000
Products and services transferred at a point in time	70	147
Services transferred over time	787	818
Total revenue	**857**	**965**

[1] Restated to remove discontinued operations, refer note 5.

4 Other revenue and income

For the year ended 31 December 2020, the Group recognised government grant income of $373,000 as part of Australian and Singapore government Covid-19 measures (2019: nil). There were no unfulfilled conditions or other contingencies attaching to these grants. No amounts were receivable at 31 December 2020. The Group also recognised Research & Development Tax Rebate income of $898,000 (2019: $987,000).

	31 December 2020 $'000	31 December 2019 $'000
Research & Development Tax Rebate	898	987
JobKeeper subsidy - Australia	245	-
ATO cashflow boost	100	-
Singapore Government wage subsidies	28	-
Proceeds from sale / recovery of other assets	35	78
Other revenue / income	**1,306**	**1,065**

5 Disposal group held for sale and discontinued operations

TillerStack GmbH

In August 2020 the Company signed a Share Purchase Agreement for the sale of 100% of the issued share capital of its German operating subsidiary TillerStack GmbH to ZenaTech Inc (previously ZenaDrone Inc) for USD1.25 million (A$1.7 million), less any NTA adjustments. 50% of the purchase price was payable in cash on settlement (less deposits of USD50,000 paid in August 2020), and 50% of the purchase price is payable by a 12-month amortising Promissory Note with a convertible option to ZenaTech Inc shares.

The settlement was expected by 15 October 2020, however the parties subsequently agreed to extend the settlement to 14 January 2021. Due to the extended settlement, an additional USD125,000 of deposits were paid by ZenaTech Inc to the Company in 2020. The total deposits received of USD175,000 (A$235,000) have been recognised as a liability (advance consideration) as at 31 December 2020. Subsequent to period end the sale has completed, and the balance of USD450,000 (A$548,000) was received on 18 January 2021. The first Promissory Note payment was received on 17 February 2021 of USD50,000 (A$65,000), and the second Promissory Note payment was received on 19 Match 2021 of USD49,000 (A$62,000)

As at 31 December 2020, TillerStack has been classified as a held for sale, and the assets and liabilities of TillerStack GmbH are presented as 'Assets held for sale' and 'Liabilities held for sale' in the statement of financial position. The major categories of assets and liabilities are presented below under 5(c). The assets and liabilities are measured at their carrying amount, which is less than the fair value less costs to sell (determined with reference to the sale price).

TillerStack GmbH has previously been presented as an operating segment, and therefore the financial results of TillerStack GmbH are presented as 'Discontinued Operations' in the consolidated income statement for the year ended 31 December 2020. The 31 December 2019 comparatives are also restated to present the financial results of TillerStack GmbH as 'Discontinued Operations'. TillerStack GmbH was not previously classified as held for sale or a discontinued operation in the prior year.

a) Results of discontinued operation	**31 December 2020**	**31 December 2019**
	$'000	$'000
Revenue	1,073	1,605
Expenses	(1,103)	(1,743)
Results from operating activities	(30)	(138)
Income tax	-	-
Results from operating activities, net of tax	(30)	(138)
Gain (loss) on sale of discontinued operation[1]	-	-
Transaction costs relating to discontinued operations	-	-
Income tax on gain (loss) on sale of discontinued operation	-	-
Profit (loss) for the period	**(30)**	**(138)**

[1] Gain or loss on sale will be calculated in January 2021 on completion of the transaction, and therefore not included in the financial results for the year ended 31 December 2020.

b) Cash flows from (used in) discontinued operation	**31 December 2020**	**31 December 2019**
	$'000	$'000
Net cash used in operating activities	74	(20)
Net cash from Investing activities	-	217
Net cash from financing activities	-	(195)
Net cash flow for the period	**74**	**2**

c) Assets and liabilities of disposal group held for sale	31 December 2020 $000
Property, plant and equipment	10
Trade and other receivables	19
Cash and cash equivalents	74
Assets held for sale	**103**
Provisions	-
Trade and other payables	327
Liabilities held for sale	**327**

d) Cash flows from consideration	31 December 2020 $000	31 December 2019 $'000
Consideration received, satisfied in cash (2019: deferred consideration for Condat sale received)	235	195
Cash and cash equivalents disposed of	-	-
Net cash inflow	**235**	**195**

The loss from discontinued operations was attributable entirely to the owners of the Company.

6 Impairment of assets

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, and in 2020 the Company engaged in negotiations with the vendor to dissolve the Heads of Agreement. The Company is seeking to recover the deposit paid, however has recognised an impairment of this asset of $250,000 in the period due to uncertainty over the recoverability. Refer to note 32 for events subsequent to period end.

Goodwill and intangible assets

Impairment expense of $4,727,000 was recognised in the prior period following a review of the value in use of goodwill and intangible assets, refer note 14.

7 Expenses

a) Employee benefits

	Consolidated 2020[1] $'000	Consolidated 2019[1] $'000
Employee benefits	2,781	4,075
Share based payments	171	227
	2,952	**4,302**

[1] Excludes discontinued operations (2019 balance restated to remove discontinued operations).

Employee benefits expenses from discontinued operations (which are not included in the amounts above) were $865,000 in 2020 (2019: $890,000).

The Company provides benefits to defined employees (including executive directors) of the Consolidated Entity in the form of share-based payment transactions, whereby services are rendered in exchange for shares or options over shares ("equity-settled transactions"). Formal share and option incentive plans are in place. Refer Note 1(r).

The Company incurred costs of $166,745 relating to defined contribution payments in 2020 (2019 - $204,485). This amount is included in total employee benefits expense disclosed above.

b) Other operating costs	**Consolidated 2020[1]** $'000	**Consolidated 2019[1]** $'000
IT and network costs	314	405
Marketing costs	33	112
Property costs	324	500
Other operating costs	521	480
	1,192	**1,497**

[1] Excludes discontinued operations. (2019 balance restated to remove discontinued operations)

Other operating costs from discontinued operations (which are not included in the amounts above) were $191,000 (2019: $459,000)

8 Income Tax

a) Income tax benefit (expense) recognised in the income statement	**Consolidated 2020** $'000	**Consolidated 2019** $'000
Current tax	-	-
Total income tax benefit (expense)	-	-

b) Numerical reconciliation between income tax expense and pre-tax net profit (loss) – including discontinued operations	**Consolidated 2020** $'000	**Consolidated 2019** $'000
Profit (loss) for the year before tax	(4,988)	(13,068)
Income tax at the Australian tax rate of 30% (2019 – 30%)	(1,496)	(3,920)
Non-deductible expenses	749	2,890
Non-assessable income	(269)	(296)
Other timing differences	(120)	(97)
Foreign operations – impact of different tax rate	(40)	(159)
Unrealised losses	1,176	1,582
Total income tax benefit (expense)	**-**	**-**

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised:

	Consolidated 2020 $'000	**Consolidated 2019** $'000
Income tax losses	33,772	30,314
Capital losses	45,036	45,036
Potential benefit at 30%		
Income tax losses	10,132	9,094
Capital losses	13,511	13,511

The benefit of all losses available to the Australian tax consolidated group can only be utilised if the requirements of the Income Tax Assessment Act are satisfied at the time the head entity 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.

TillerStack GmbH has aggregated corporate and trade tax losses of approximately EUR 4.1 million (gross), subject to completion of the 2020 tax return. Invigor Asia Pte Ltd has corporate tax losses of approximately SGD 4.8 million (gross) subject to completion of the 2020 tax return.

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 Cash and cash equivalents

	Consolidated 2020[1] $'000	Consolidated 2019 $'000
Cash at bank and on hand, presented as a current asset	1	3
Bank overdrafts, drawn at period end, presented as a current liability	(84)	(76)
Cash and cash equivalents per statement of cash flows	**(83)**	**(73)**

[1] Excludes cash held by discontinued operations which is presented in Assets held for sale, refer note 5(c).

10 Receivables

	Consolidated 2020[1] $'000	Consolidated 2019 $'000
Trade debtors	121	233
Allowance for expected credit loss	(39)	(39)
Deposit paid for Sun Asia transaction	-	250
Sundry debtors and other receivables	50	559
Prepayments	142	211
Current	**274**	**1,214**

[1] Excludes receivables held by discontinued operations which is presented in Assets held for sale, refer note 5(c).

11 Associates and Joint Arrangements

MI Ventures Pty Ltd ATF MI Ventures Unit Trust

Invigor Group Limited previously entered into a Joint Venture arrangement, MI Ventures Pty Ltd, with Melic Pty Limited in September 2016 to install Wi-Fi at Manly Wharf. The Joint Venture was formed by way of a unit trust with each party holding 50 units each. The Joint Venture arrangement was terminated in 2020 by agreement of the Joint Venture parties.

The Joint Venture earnt revenue through the provision of targeted advertising, promotions and offers to commuters at Manly Wharf through the Wi-Fi network that has been installed. Invigor Group Limited's investment in MI Ventures Pty Ltd was been recognised using the equity method of accounting.

12 Fair values of financial instruments

The fair value of financial instruments traded in active markets (such as publicly traded securities and available-for sale securities) are based on quoted market prices at the balance date (usually being the closing bid price at that date).

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions based on market conditions existing at balance date.

The fair values of financial assets and liabilities recognised at balance date are not considered to be materially different from their carrying amounts as described below or in the relevant notes to these financial statements.

The Consolidated Entity has considered that the use of derivative financial instruments, such as foreign exchange contracts or interest rate swaps, to minimise the risks associated with financial instruments, was not necessary during the financial year.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating fair values of financial assets and liabilities.

Financial assets at fair value through profit or loss

Fair values for listed securities are based on the quoted market price at balance date without any deduction for transaction costs. The Consolidated Entity held no listed securities at balance date.

Fair values for unlisted securities are assessed using financial models, supporting analysis, including the terms upon which funding or investments are made, and may be supported by independent analysis if considered appropriate to aid the assessment.

Interest-bearing borrowings

Fair values are estimated using analysis based on current terms and rates for similar types of lending arrangements. Fair values of interest-bearing borrowings due within 12 months are generally assessed to equal face value given the short term to maturity.

Trade and other receivables and payables

The carrying amounts represent fair value because of their short term to maturity.

Contingent consideration

Fair values for contingent consideration arising from business combinations is estimated using financial models and supporting analysis based on the terms of the purchase agreement. The Consolidated Entity will usually use the BBSW yield curve as at the reporting date, plus an adequate constant credit spread, to discount financial instruments, where applicable.

Fair value hierarchy

At 31 December 2020 there are no financial instruments held at fair value.

13 Property, plant and equipment

	Consolidated 2020[1] $'000	Consolidated 2019 $'000
Plant and equipment		
Cost	177	189
Accumulated depreciation	(177)	(189)
Net carrying amount	-	-
Computer equipment and software		
Cost	326	419
Accumulated depreciation	(325)	(398)
Net carrying amount	1	21
Total property, plant and equipment		
Cost	503	608
Accumulated depreciation	(502)	(587)
Net carrying amount	**1**	**21**

Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated 2020 $'000	Consolidated 2019 $'000
Plant and equipment		
Net carrying amount at the beginning of the period	-	11
Transfer (to) from another category	-	(11)
Net carrying amount at the end of the period	-	-
Computer equipment		
Net carrying amount at the beginning of the period	21	-
Additions	6	24
Disposals	-	-
Depreciation charge for the year	(16)	(14)
Transfer (to) from other category / Assets held for Sale	(10)	11
Net carrying amount at the end of the period	1	21
Total property, plant and equipment		
Net carrying amount at the beginning of the period	21	11
Additions	6	24
Transfer to Assets held for Sale	(10)	-
Depreciation charge for the year	(16)	(14)
Net carrying amount at the end of the period	**1**	**21**

[1] Excludes PPE held by discontinued operations which is presented in Assets held for sale, refer note 5(c).

14 Intangible assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Software and technology		
Cost (gross carrying amount)	5,552	5,552
Accumulated amortisation & impairment	(5,552)	(5,552)
Net carrying amount	-	-
Goodwill		
Cost (gross carrying amount)	5,551	5,551
Accumulated impairment	(5,551)	(5,551)
Net carrying amount	-	-
Capitalised development expenditure		
Cost (gross carrying amount)	7,252	7,252
Accumulated amortisation	(7,252)	(7,252)
Net carrying amount	-	-
Total intangible assets		
Cost (gross carrying amount)	18,355	18,355
Accumulated amortisation & impairment	(18,355)	(18,355)
Net carrying amount	-	-

Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated 2020 $'000	Consolidated 2019 $'000
Software and technology		
Net carrying amount at the beginning of the period	-	2,572
Amortisation charge for the year	-	(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 expense	-	(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 31 December 2020, the carrying value of goodwill is nil following the impairment of goodwill and intangible assets in 2019 (2019 impairment loss: $951,000). Therefore, no further impairment testing has been performed in the period to 31 December 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.

15 Trade and other creditors and accruals

	Consolidated 2020[1] $'000	Consolidated 2019 $'000
Trade creditors	1,796	1,579
Other creditors and accrued expenses	4,392	2,870
TillerStack sale consideration received in advance of completion (refer note 5)	235	-
Contract liabilities (Unearned revenue)	258	110
Current	**6,681**	**4,559**

[1] Excludes creditors held by discontinued operations which is presented in Assets held for sale, refer note 5(c).

Included in trade creditors are invoices totalling $958,000 (2019: $321,000) payable at balance date under cost recovery agreements with Marcel Equity Pty Ltd (and associated entities), and payable under consultancy and fee arrangements with other Director related parties.

Included in other creditor and accrued expenses are accruals of $1,570,000 (2019: $575,000) for other interest and fees payable to Marcel Equity Pty Ltd, Gary Cohen and other Director related parties. These amounts are unsecured.

Refer Note 27 for further details of related party balances.

16 Interest bearing loans and borrowings

	Consolidated 2019 $'000	Consolidated 2019 $'000
Unsecured borrowings – convertible notes	1,000	1,500
Unsecured borrowings – loan facilities	5,451	4,754
Unsecured borrowings – employees	187	187
Secured borrowings – loan facilities (including employees)	4,922	3,727
Current	**11,560**	**10,168**

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 31 December 2020 – 12,500,000 at $0.08 per share
- Maturity dates – 7 May 2019, previously 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 mid-2021 for the conversion of 100% 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.

Unsecured borrowings – loan 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 $4,496,000 (31 December 2019: $3,990,000) has been drawn as at 31 December 2020.

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

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 recognised a $350,000 loan liability. $116,667 of this balance was repaid in January 2019. The balance at 31 December 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. The Company will seek approval at a General Meeting expected to be called in mid-2021 for the conversion 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 31 December 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.

In 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. $1,100,000 of the facility was secured against the Company’s research and development tax rebate amount for the year ended 31 December 2018, and was fully repaid in 2019 and 2020. The balance of $220,000 at 31 December 2020 is unsecured and remains as a short-term loan repayable on demand.

Unsecured borrowings – employees

In November 2019 the Company entered into unsecured loan agreements with certain employees. At 31 December 2020 the balance is $187,000 (31 December 2019: $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

In December 2019, the Company entered into a Prepayment Loan Agreement with Finarch Holdings Pty Limited under which the lender made available a facility in the amount of $710,000 at an interest rate 20% p.a. The facility was being used to fund the Company's research and development activities. The facility was fully repaid in the period on receipt of the research and development tax rebate amount for the year ended 31 December 2020.

In November 2020, the Company varied the Loan Agreement with Finarch Holdings Pty Limited under which the lender made available a facility in the amount of $640,000 at an interest rate 20% p.a, repayable by 10 May 2021. In December 2020, the Finarch facility was again extended for an additional facility $850,000, repayable in instalments up to 10 August 2021, subject to an extension option in the Company's favour. The facility is fully drawn to $1,490,000 at 31 December 2020. Amounts drawn under the facility are secured against the grant receivable and the Promissory Note issued by the Purchaser of TillerStack GmbH (note 4). Subsequent to period end, $426,000 of repayments have been made to Finarch in accordance with the terms of the facility agreement. In addition, subsequent to period end the repayment date for the final instalment was extended to 15 September 2021.

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 31 December 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 was for 2 years at a 10% annual interest rate. $1,750,000 was repaid in instalments in 2019, and $33,000 was repaid in December 2020. The net balance remaining at 31 December 2020 of $217,000 is repayable on demand. PFG have agreed to extend pending a future capital raising.

Gary Cohen (Director) facility

In December 2019, Gary Cohen paid out $1,000,000 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 balance at 31 December 2020 is $1,000,000. The loan is payable on demand. Gary Cohen has provisionally agreed to extend the loan facility, subject to formal documentation being prepared, to 31 July 2021.

Employee loans

In December 2020 the Company entered into secured loan agreements with certain employees. At 31 December 2020 the balance is $787,000. Interest accrues at 15% per annum. The loans are repayable by 30 April 2021.

Other overdraft facilities

Credit card facilities relating to the group were drawn to $28,000 at 31 December 2020.

The Company also has a $100,000 interest bearing overdraft facility with National Australia Bank which was drawn to $85,000 at 31 December 2020 (31 December 2019 – drawn to $76,000). Overdrafts are presented as cash and cash equivalents in the statement of financial position. The credit card and overdraft facilities are secured by guarantees provided by entities associated with Gary Cohen and Gregory Cohen.

Further Information on Facilities and Plans

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 31 December 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 all 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 mid-2021. 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.
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 31 December 2020, the Company has drawn down $4,496,000. As a result of the COVID-19 impact the ability of Marcel Equity to meet a full drawdown has been restricted. This facility will become due for payment when the Company has available cash flow.	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 up to $5 million of the debt into equity in the Company (pending shareholder approval). Marcel has also 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 mid-2021.
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 31 December 2020 and is 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.
Other loans – unsecured The Company has other unsecured loans including: - Karoo Investment Group $220,000 loan facility which is fully drawn at 31 December 2020 - Employee loan facility of $187,000 These loans are repayable on demand.	These loans are continuing and are repayable on demand.

Other Loans – secured The Company has other secured borrowings including: - Finarch Holdings Pty Limited $1,490,000 total facility secured against the 2020 R&D rebate, and TillerStack sale Promissory Notes. $426,000 has been repaid since period end. $640,000 is repayable on receipt of the 2020 R&D rebate, and the balance is due in monthly instalments from 15 February 2021. - Employee loans of $787,000 repayable by 30 April 2021.	These loans are within their loan terms.
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 mid-2021 will seek approval for the raising of approximately $10 million in capital. This capital raise is important to the Company's ability to continue as a going concern over the next 12 months.

17 Provisions

	Consolidated 2020 $'000	Consolidated 2019 $'000
Other provisions	69	259
Employee benefits	136	259
Current	**205**	**518**
Employee benefits	25	24
Non-Current	**25**	**24**

Reconciliation of carrying amounts at the beginning and end of the period:

Employee benefits		
Balance at the beginning of the period	283	254
Provisions raised (reversed)	(122)	29
Balance at the end of the period	161	283
Other provisions		
Balance at the beginning of the period	259	-
Provisions raised (reversed)	(190)	259
Balance at the end of the period	69	259
Total provisions		
Balance at the beginning of the period	542	254
Provisions raised (reversed)	(312)	288
Balance at the end of the period	230	542

Employee benefits
Provision for employee benefits represent amounts payable by the Consolidated Entity for accrued annual leave and long service leave.

Other provisions
Provision for legal settlement, see note 18.

18 Convertible Note dispute

On 19 September 2019, the Company announced a settlement with a former convertible note holder Raus Capital Fund Limited ('Raus'). The Company agreed to pay Raus $500,000 plus legal fees and interest. At 31 December 2020, an amount of $69,000 remained payable to Raus. Subsequent to year end, the balance of $69,000 has been repaid in full.

19 Financial risk management, objectives and processes

The Consolidated Entity has exposure to a variety of financial risks, which are categorised as market risk, credit risk and liquidity risk. This note presents information about the Consolidated Entity's exposure to each of these risks. Additional disclosures are presented throughout this financial report.

The Board recognises that the understanding and management of risk, particularly preservation of capital, is critical to the Company. The Board has overall responsibility for ensuring that there is a sound system of risk management and internal compliance and controls. The Board has formally adopted documented policies and processes to enable appropriate management of business and investment risk.

Key financial risk management practices presently employed by the Company include:

- The Board having ultimate responsibility for business, investment and divestment decisions. This includes monitoring the quantum of funds invested in any operating business or transaction so that the level of exposure is appropriate to the Company's circumstances.
- Preservation of cash resources. The Chief Executive Officer and Chief Financial Officer, both Board members, oversee treasury management on behalf of the Board with ultimate responsibility retained by the full Board.

Operating businesses in which the Company is invested but which are not wholly owned are responsible for their own risk management. The Company oversees the risk management processes of these businesses by providing assistance and guidance to their management teams where appropriate. The Company may also have representation on the boards of these businesses.

The risk management policies and analysis described below and throughout the financial report refer to those practices adopted by entities that are members of the Consolidated Entity.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There are various types of market risk including exposures to foreign currencies, interest rates and equity market prices. The Consolidated Entity may use derivative financial instruments to hedge certain risk exposures. No derivative financial instruments were used during the financial year. The methods used to measure the types of risk to which the Consolidated Entity is exposed are described below.

(i) Foreign currency risk

Investments have been made by the Consolidated Entity in Australian dollars only.

The Consolidated Entity incorporated a legal entity in Germany in 2016 following the acquisition of Condat AG (separate entity) in late 2015. This entity is TillerStack GmbH (previously Invigor Holdings (Germany) GmbH. Following the disposal of Condat AG in May 2018, part of the business and assets were retained by TillerStack GmbH. TillerStack operates mainly in Germany. TillerStack's business transactions are denominated in Euro and its accounting records are kept in that currency. Exposure to Euro is subject to exchange variations upon the provision of any required funding to the subsidiary and to exchange variations resulting from the translation to Australian dollars on consolidation of TillerStack's statement of financial position and statement of comprehensive income at closing and average rates respectively.

The Consolidated Entity completed the acquisition of Invigor Asia Pte Limited in June 2017 but with effect from 1 May 2017. Invigor Asia operates mainly in Singapore. Invigor Asia's business transactions are primarily denominated in Singapore Dollar (SGD) and its accounting records are kept in that currency. Exposure to (SGD) is subject to exchange variations upon the provision of any required funding to the subsidiary and to exchange variations resulting from the translation to Australian dollars on consolidation of Invigor Asia's statement of financial position and statement of comprehensive income at closing and average rates respectively.

At 31 December 2020, the Consolidated Entity did not have any other material net foreign currency risk in respect of transactions in currencies other than the functional currency except as described above (2019 - nil).

(ii) Interest rate risk

The Consolidated Entity's exposure to market interest rates on deposits is minimal. Cash reserves are held in interest-bearing accounts with either fixed or variable interest rates.

The Consolidated Entity had the following financial assets and liabilities at balance date:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Financial assets		
Cash and cash equivalents	1	3
Financial liabilities		
Cash and cash equivalents (overdrafts)	84	76
Unsecured borrowings	6,638	6,441
Secured borrowings	4,922	3,727

Sensitivity Analysis

At 31 December 2020, if interest rates had changed by -/+ 1% from the year-end rates, with all other variables held constant, and this change was applied to cash and cash equivalents, the effect on profit (loss) after tax for the year would be $830 (2019: $760). If the same sensitivity is applied to borrowings, the result would be a higher/lower interest expense of approximately $115,600 (2019: $101,688).

Other financial assets, at fair value through profit or loss are represented by shares and convertible notes that are not considered sensitive to interest rates.

(iii) Equity price risk

The Consolidated Entity was not exposed to equity securities price risk arising from investments in listed securities during the 2020 financial year as it had no exposure to listed securities during 2020 or at balance date (2019 – nil).

The Consolidated Entity has not hedged exposure to a general decline in equity market values as such strategies are not considered cost effective.

(iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk arises from all financial assets included in the balance sheet.

During the current reporting period, the Consolidated Entity has been exposed to credit risk arising from the potential default of customers with which it transacted. The Consolidated Entity endeavours to trade with only creditworthy third parties. As such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade and other receivables. A credit policy is in place and exposure to credit risk is monitored on an ongoing basis. Derivatives are not held to offset any credit exposure.

The Consolidated Entity may provide loan funding to investee entities which are not wholly owned but only when it forms part of the overall funding provided for an investment transaction. Approval of such funding is the responsibility of the Board.

Operating businesses that the Consolidated Entity invests in and which are not wholly owned will have their own credit risk policies. The Consolidated Entity endeavours to oversee that such entities have appropriate credit risk policies in place. Such oversight may be limited by the terms of the transaction.

The carrying amounts of the financial assets recognised in the balance sheet best represent the Consolidated Entity's maximum exposure to credit risk at the reporting date.

The Company has exposure to loans made to subsidiary entities to enable those entities to fund the investment transactions that the Board has elected to pursue and/or to fund the operations of those subsidiaries.

Repayment of loans by the subsidiary entities is dependent upon proceeds realised by the subsidiary entities from investment transactions and/or net cash generated from operating activities.

Ageing of financial assets

The following table assesses the ageing of the carrying amount of the Consolidated Entity's financial assets at the reporting date and details any financial assets that are individually impaired.

Consolidated	Cash and cash equivalents 2020 $'000	Receivables 2020 $'000	Cash and cash equivalents 2019 $'000	Receivables 2019 $'000
Neither past due or impaired	1	164	3	622
Past due but not impaired:				
< 30 days	-	58	-	42
30-60 days	-	-	-	-
60-90 days	-	-	-	-
> 90 days[1]	-	91	-	589
Collectively impaired	-	-	-	-
Individually impaired	-	(39)	-	(39)
Total	1	274	3	1,214

[1] Balance in greater than 90 days represents $50,000 receivable for shares issued during the period which is expected to be recovered, and $38,500 trade receivable which has been fully impaired.

(v) Liquidity risk

Liquidity risk is the risk that the Company or its subsidiaries will not be able to meet financial obligations as they fall due. The Board has approved a Financial Management Policy applicable to the Company and its wholly owned subsidiaries. The Financial Management Policy includes policies for the investment of surplus cash and the monitoring of the liquidity, including the preparation of cash forecasts. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as they fall due. The liquidity position is monitored for the impact of potential investment acquisitions or divestments, including any potential funding requirements.

Details of debt funding terms and facilities that the Consolidated Entity has in place are disclosed in Note 16.

Operating businesses in which the Consolidated Entity has invested and which are not wholly owned are required to manage their own liquidity requirements to meet their financial obligations as they fall due. The Consolidated Entity is able to monitor the liquidity position of these entities subject to the terms of the transaction and/or where it has board representation.

The following table analyses the Consolidated Entity's financial liabilities into relevant maturity groups based on the remaining contracted maturity period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	Creditors and payables 2020 $'000	Unsecured borrowings 2020 $'000	Creditors and payables 2019 $'000	Unsecured borrowings 2019 $'000
Contractual cash flows	6,681	6,638	4,559	6,441
Residual contract maturities:				
6 months or less	6,522	2,142	4,336	2,451
6 – 12 months	159	4,496	223	3,990
1 – 2 years	-	-	-	-
2 – 5 years	-	-	-	-
More than 5 years	-	-	-	-
Total carrying amount	6,681	6,638	4,559	6,441

Capital risk management

The Board regularly reviews the Company's capital plan, including equity and debt requirements and dividend policy. This is done in consideration of the Company having an appropriate capital structure to support its operations. The Company does not expect to pay a regular dividend in the foreseeable future.

20 Issued capital

	Company 2020 Shares	Company 2019 Shares	Company 2020 $'000	Company 2019 $'000
Ordinary shares, fully paid	152,039,352	152,039,352	155,105	155,105
Movement in ordinary share capital				
Balance at the beginning of the period	-	2,537,559,895	155,105	153,575
Issues of new fully paid shares	-	503,211,001	-	1,617
Reduction in shares due to share consolidation[1]	-	(2,888,731,544)	-	-
Capital raising costs 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, and as a result, an additional 807 ordinary shares were issued due to rounding.

The movement in issued shares (excluding capital raising costs) is reconciled to cash proceeds from share issues as follows:

	Company 31 Dec 2020 $'000	Company 31 Dec 2019 $'000
Cash received from share issues	-	782
Gross movement for fully paid shares issued for cash	-	782
Issue of shares other than for cash	-	835
Issues of new fully paid shares	**-**	**1,617**

21 Share Options

(a) Warrants

The Company has issued Warrants as approved by Shareholders on 19 April 2017, 23 June 2017 and 26 April 2019 as follows:

- 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.

(b) Options granted under incentive plans

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 granting of options to defined employees (including executive directors) ("Plans") are in place. At 31 December 2020, there were 5,611,698 options on issue under the Plans (2019 – 7,628,379).

Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 31 December 2020 expire 5 years from the applicable grant date.

The Company did not issue any ordinary shares to participants in the Plans during the year ended 31 December 2020 upon exercise of 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.

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 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	(329,169)	0	0	0
29-Jul-15	29-Jul-20	2.00	20,834	0	(20,834)	0	0	0
1-Dec-15	1-Dec-20	2.00	20,835	0	(20,835)	0	0	0
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	(1,466,670)	0	5,083,344	3,745,844
Total			**7,628,379**	**0**	**(2,016,681)**	**0**	**5,611,698**	**4,220,031**

The Weighted Average Exercise Price of options on issue under incentive plans at balance date is $0.27 (2019: $0.40).

The principal rules governing the operation of the Plans are as follows:

(i) The Board is responsible for determining the number of options granted to each eligible employee;
(ii) Vesting conditions in relation to options are determined by the Board at the time of determination of option entitlements;
(iii) Options which have not vested when an employee ceases their employment will lapse unless an employee ceases to be employed through death, retirement or disablement, in which case special provisions apply or if the Board otherwise determines;
(iv) The share option exercise price is determined by the Board;
(v) The acquisition price of the options are nil, unless the Board determines that it should be any other amount;
(vi) Share options issued pursuant to the Plans are not transferable; and
(vii) Options not exercised by their expiry date will lapse.

The weighted average contractual life of all options on issue under incentive plans outstanding at 31 December 2020 was 1,019 days (2019 – 1,308 days).

(c) 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	25,002
5-Jul-17	5-Jul-22	1.00	12,501	0	0	0	12,501	12,501
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	(21,250,000)	0	0	0
Total			**30,581,253**	**0**	**(30,468,750)**	**0**	**112,503**	**112,503**

22 Reserves

	Consolidated 2020 $'000	Consolidated 2019 $'000
Employee equity benefits reserve		
Opening balance	2,670	2,443
Share based payments expense (Note 7)	171	227
Total employee equity benefits reserve	2,841	2,670
Foreign currency translation reserve		
Opening balance	(328)	(296)
Exchange differences arising on the translation of the financial statements of foreign subsidiaries	48	(32)
Total foreign currency translation reserve	(280)	(328)
Options reserve		
Opening balance	450	378
Options expense	361	72
Total options reserve	811	450
Total reserves	**3,372**	**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, and options granted to non-executive Directors.

23 Dividends

No dividends were proposed or paid during the financial year (2019 - $nil). No final dividend has been proposed for payment (2019 - $nil).

The Company has no franking credits available for subsequent years (2019 - $nil).

24 Commitments

Leases

At 31 December 2020 there were no commitments in relation to short term leases contracted for at the reporting date but not recognised as liabilities.

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.

25 Contingent Liabilities

As per note 32, on 29 January 2021, the Company announced that Sun Asia Group have commenced proceedings against the Company, Gary Cohen and Gregory Cohen, seeking relief from the agreements previously entered into, and seeking damages. The Company are proposing to file a defence to the proceedings and a cross claim, and have applied for security of costs. At the date of this report, the Directors to not believe that any material contingent liability has arisen as a result of these proceedings.

The directors are not aware of any other 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.

26 Parent Entity Disclosures

As at, and throughout the financial year ending 31 December 2020, the parent Company of the Consolidated Entity was Invigor Group Limited.

	Company 2020 $'000	**Company 2019** $'000
Result of the parent entity		
Profit (loss) for the period	(4,753)	(13,118)
Other comprehensive income (expense)	-	-
Total comprehensive income (expense) for the period	(4,753)	(13,118)
Financial position of the parent entity at year end		
Current assets	197	307
Non-current assets	5	5
Total assets	202	312
Current liabilities	18,526	14,416
Non-current liabilities	25	24
Total liabilities	18,551	14,440
Total equity of the parent entity comprises:		
Share capital	155,104	155,104
Reserves	3,661	3,129
Retained earnings (accumulated losses)	(177,114)	(172,361)
Total equity	(18,349)	(14,128)

Contingent liabilities of the Company at 31 December 2020 are detailed at Note 25. Investment commitments of the Company at 31 December 2020 are detailed at Note 24. The Company had no capital expenditure commitments at 31 December 2020. The Company had not provided any guarantees at 31 December 2020.

27 Related party transactions and key management personnel disclosures

The following were key management personnel of the Consolidated Entity at any time during the reporting period and, unless otherwise indicated, were key management personnel for the entire period:

Gary Cohen	Chief Executive Officer – Chairman from 18 June 2019
Gregory Cohen	Executive Director – Chief Financial Officer
Roger Clifford	Non-executive director
Jeremy Morgan	Non-executive director
Jack Hanrahan	Non-executive director – resigned 4 December 2020
Gavin Solomon	Non-executive director – appointed 8 December 2020
Michael Stone	Director for Products – resigned 13 November 2020
Thierry Manor	Commercial Director, and Executive Director from 8 December 2020
Rohan Dhowan	Sales Director, KMP from 1 January 2020

Other than as noted above, there have been no changes in key management personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue.

Details of remuneration
Details of the total remuneration of all key management personnel, including their personally related entities, are as follows:

	Consolidated 2020	**Consolidated 2019**
	$	$
Short term employee benefits (including superannuation)	1,257,034	1,200,824
Other long-term benefits (including movement in provisions)	(42,530)	6,424
Post-employment benefits	-	-
Share based payments	69,442	181,200
Termination benefits	-	-
	1,283,946	**1,388,448**

Equity instrument disclosures relating to key management personnel are included in the Directors Report and Remuneration Report.

Other transactions with key management personnel or related parties, excluding remuneration
A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of those entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's-length basis.

Marcel Equity transactions

The Company has entered into cost recovery agreements with Marcel Equity Pty Ltd and its associated entities ("Marcel"), being entities associated with Gary Cohen and Gregory Cohen, under which the Company reimburses Marcel, on a cost recovery basis, for services provided. Services include use of office space, provision of administration services, and such other services as may be agreed from time to time. An expense of $495,396 was incurred during the current reporting period (2019 - $665,000). An amount of $448,594 was payable by the Company to Marcel at balance date (2019 - $147,580).

The Consolidated Entity has a $100,000 interest bearing bank overdraft facility with National Australia Bank which was drawn to $85,000 at 31 December 2020 (2019 – drawn to $76,000), and a $30,000 credit card facility. The facilities are secured by guarantees provided Marcel. In addition, guarantees have also been provided by entities associated with Gary Cohen on the PFG loan facility (previously $2 million, reduced to $217,000 in current and prior period). An expense of $38,190 (2019 – $54,736) has been recognised in relation to these guarantees, and $140,161 is payable at 31 December 2020.

In February 2016, the Company entered into an interest-bearing short-term loan arrangement with Marcel under which $700,000 would be made available as and when required by the Company, subject to the terms of the loan arrangement. The facility amount has subsequently been increased as detailed in note 16, and had a limit of $7.5 million at 31 December 2020. The amount drawn at 31 December 2020 is $4,496,462, and unpaid interest at 31 December 2020 is $1,114,512. Interest expense incurred in 2020 was $642,363 (2019 - $361,393).

In addition to the above, there are $1,478,994 of other loan and accrued balances relating to Marcel Equity and Gary Cohen related entities. This includes a secured loan of $1,000,000 loan with Gary Cohen as detailed in note 16, with $169,643 of accrued interest; and employee related loans of $229,187 including interest.

Invoice assignment facility – Gregkar transaction

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 31 December 2020, the liability owing to Gregkar under this facility is $1,000, and during the period, fees of $38,261 were incurred which are included in financing costs.

Other transactions

From October 2020, the Company has earned revenue from a professional services and cost recovery agreement with Inventive Healthcare Solutions Pty Limited, an entity associated with Gary Cohen, Gregory Cohen and Thierry Manor. A total of $112,500 revenue has been recognised in 2020, and no amounts are receivable at 31 December 2020.

In December 2020, the Company engaged with PrimaryMarkets Limited, an entity associated with Gavin Solomon who will provide consulting services during the end of 2020 and 2021. At 31 December 2020, $27,500 was payable to PrimaryMarkets, and $5,000 was recognised as an expense in 2020 relating to this transaction.

In addition to the loan facilities described above, a total of $83,551 (including accrued interest) of the employee loan facilities per note 16 are held by Thierry Manor.

Aggregate amounts of each of the above types of other transactions:

Amounts recognised as expense	**Consolidated 2020** $'000	**Consolidated 2019** $'000
Service fees and cost recoveries to Marcel Equity and associated entities	495	665
Interest on borrowings/convertible notes from/held by entities associated with Gary Cohen, Gregory Cohen and Thierry Manor	650	367
Guarantee fees on loan and overdraft facilities	38	55
Interest on invoice assignment facility	38	-
Other consulting fees	5	-
	1,226	1,087

Amounts recognised as revenue	**Consolidated 2020** $'000	**Consolidated 2019** $'000
Professional services revenue from Inventive Healthcare Solutions	113	-
	113	-

Aggregate amounts of liabilities at balance date relating to the above transactions:

Amounts recognised as liabilities	Consolidated 2020 $'000	Consolidated 2019 $'000
Convertible notes and accrued interest owing to entities associated with Gary Cohen, Gregory Cohen and Thierry Manor	47	42
Loans and accrued interest owing to Marcel Equity and associated entities	7,127	5,631
Service fees and cost recoveries owing to Marcel Equity and associated entities	449	148
Guarantee fees on loan and overdraft facilities	140	102
Other consulting fees	28	
	7,791	5,923

$5,795,000 of the amounts recognised as liabilities are included in interest bearing loans and borrowings at 31 December 2020, and the balance is in other creditors and accrued expenses.

28 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 1(e).

Name of entity	Country of incorporation	Class of Shares	Equity holding 2020 %	Equity holding 2019 %
Amethon Solutions (Asia Pacific) Pty Ltd	Australia	Ordinary	100	100
Global Group Australia Pty Ltd	Australia	Ordinary	100	100
Global Group Ventures Pty Ltd	Australia	Ordinary	100	100
IN Mall Pty Ltd (formerly AimIPCo Pty Ltd)	Australia	Ordinary	100	100
Invigor Asia Pte Limited	Singapore	Ordinary	100	100
Invigor Digital Solutions Pty Ltd	Australia	Ordinary	100	100
TillerStack GmbH (formerly Invigor Holdings (Germany) GmbH)	Germany	Ordinary	100	100
Invigor Digital Solutions India Private Ltd	India	Ordinary	100	100
My Digital Marketing Team International Pty Ltd	Australia	Ordinary	100	100
Invigor Healthcare Solutions (formerly Sun Asia Australia Pty Ltd and Social Loot Australia Pty Ltd)	Australia	Ordinary	100	100

29 Auditor remuneration

Fees paid or payable by the Consolidated Entity for services provided by the Company's auditor, Moore Stephens during the year were:

	2020 $	2019 $
Audit services	63,000	82,520
Other services	-	-
	63,000	82,520

Fees paid or payable by the Consolidated Entity for services provided by other audit firms during the year were:

Audit services	17,952	27,452
Other services	0	4,474
	17,952	31,926
Total	80,952	114,446

30 Earnings per share

	Consolidated 2020 Cents	Consolidated 2019 Cents
Earnings per share - total		
Basic earnings (loss) per share attributable to ordinary equity holders	(3.28)	(0.61)
Diluted earnings (loss) per share attributable to ordinary equity holders	(3.28)	(0.61)
Earnings per share – continuing operations		
Basic earnings (loss) per share attributable to ordinary equity holders	(3.26)	(0.60)
Diluted earnings (loss) per share attributable to ordinary equity holders	(3.26)	(0.60)

	$'000	$'000
Reconciliation of earnings used in the calculation of basic earnings per share		
Profit (loss) for the year from continuing operations	(4,958)	(12,930)
Discontinued operations	(30)	(138)
Earnings used in the calculation of total basic earnings per share	(4,988)	(13,068)
Reconciliation of earnings used in the calculation of diluted earnings per share		
Earnings used in the calculation of total basic earnings per share	(4,988)	(13,068)
Non-discretionary changes in earnings arising from dilutive potential ordinary shares	-	-
Earnings used in the calculation of total diluted earnings per share	(4,988)	(13,068)

	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	152,039,352	2,153,277,939
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	152,039,352	2,153,277,939

31 Reconciliation of cash flows from operating activities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Net profit (loss) for the year after related income tax expense	(4,988)	(13,068)
Add(deduct):		
Depreciation and amortisation	5	1,931
Borrowing costs shown as financing cash flows	617	431
Impairment of intangibles & other financial assets	250	4,727
Employee loans (non-cash item)	787	-
(Profit) loss from Joint Venture	(40)	(50)
(Profit) loss on sale of assets	(36)	(77)
Share based payment and option expenses	532	299
Changes in operating assets and liabilities:		
Decrease (increase) in trade and other receivables	123	550
Increase (decrease) in trade and other payables	2,311	2,477
Increase (decrease) in deferred revenue	148	(199)
Increase (decrease) in provisions	(190)	288
Exchange differences on translation	98	55
Net cash from (used in) operating activities	**(383)**	**(2,636)**

32 Events Subsequent to Balance Date

As per note 5, subsequent to period end the sale of TillerStack GmbH has completed, and the balance of USD450,000 ($548,000) cash consideration was received on 18 January 2021. The first deferred consideration payment (via Promissory Note) was also received on 17 February 2021 of USD50,000 ($65,000), and the second payment (via Promissory Note) was received on 19 March 2021 of USD49,000 ($62,000).

As per note 16, in January 2021 the Company repaid $350,000 to Finarch Holdings Pty Limited (against total loan at 31 December 2020 of $1,490,000), and on 19 March 2021 the Company repaid a further $76,000 to Finarch Holdings Pty Limited.

As per note 18, since balance date, the Company have repaid the balance of $69,000 to Raus toward the convertible note dispute settlement.

On 29 January 2021, the Company announced that Sun Asia Group have commenced proceedings against the Company, Gary Cohen and Gregory Cohen, seeking relief from the agreements previously entered into, and seeking damages. The Company are proposing to file a defence to the proceedings and a cross claim, and have applied for security of costs. As per note 6, the deposit paid to Sun Asia of $250,000 in 2019 has been impaired in the year ended 31 December 2020.

On 19 February 2021, the Company announced that PrimaryMarkets (a Director related party) has been appointed to assist in a capital raise by the issue of up to $1.5 million in unsecured convertible notes. To the date of this report $0.03 million has been raised via the issue of unsecured convertible notes. PrimaryMarkets have also been appointed to work on the Company’s planned capital raise of approximately $10 million.

Planned General Meeting

The Company intends to prepare resolutions and the required Notices, and intends to call a General Meeting of shareholders in mid-2021. The resolutions seek approval for transactions including:

- the conversion of substantial debt from Marcel Equity and convertible note holders into equity; and
- a significant capital raise through the issue of ordinary shares.

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 ("the Company"):

(a) the consolidated financial statements and notes set out on pages 17 to 56, and the remuneration disclosures that are contained in pages 11 to 15 of the Directors' Report, are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
   (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 1 to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer, or their equivalents, for the financial year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.

Gary Cohen
Chairman and CEO

Gregory Cohen
Director and CFO

Dated at Sydney this 30th day of March 2021

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INVIGOR GROUP LIMITED AND CONTROLLED ENTITIES

Opinion

We have audited the accompanying financial report of Invigor Group Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In our opinion:

a. the financial report of Invigor Group Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements with Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial statements, which identifies that during the year ended 31 December 2020 the Group incurred a consolidated net loss of $5.0m (2019: $13.1m loss), had net cash outflows from operating activities of $0.4m (2019: $2.6m), and that the Group's current liabilities exceed its current assets by $18.5m (2019: $14.1m). These events and conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

The directors have stated that the Group's ability to continue to operate as a going concern is dependent upon the items in Note 1(c) eventuating. Should these events not occur as anticipated, the Group is unlikely to be able to pursue its business objectives and will have unlikely continue to operate as a going concern, including realising its assets and extinguishing its liabilities at the amounts shown in the financial statements. Our opinion is not modified in respect of this matter.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no other key audit matters in addition to the matter relating to the material uncertainty related to going concern.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report of the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Invigor Group Limited, for the year ended 31 December 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Moore Australia

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit and Assurance

Melbourne, Victoria

30 March 2021