

29 January 2021

ASX Announcement

Appendix 4C December and Quarterly Activities
Report October – December 2020

Invigor Group Limited (ASX: IVO) (“Invigor” or “the Company”), has released its Quarterly Activities Report for the period of 1 October to 31 December 2020, together with the Appendix 4C for the month and year to date as at 31 December 2020.

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

For further information, please contact:

Gary Cohen
Executive Chairman
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About Invigor Group

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

Quarterly Activities Report October –December 2020

Key Highlights

The revenue from continuing operations (excluding Tillerstack and Gov't grants and assistance) for the October - December quarter is up 116% on the previous quarter at \$365,000, resulting from the combination of the increased renewal revenues from Carlton United Breweries and Pernod Ricard, the new contract Pricing Insights revenue from Diageo and Lion, and the new Service revenue from Inventive Healthcare Solutions.

Invigor's Revenue from continuing operations (including R&D grant but excluding Tillerstack and Gov't assistance) is \$1.76m for FY2020 which represents a 3% increase on FY2019.

The Company is benefiting from its renewed focus on Pricing Insights and the market's need for real-time online competitive data. There is increasing interest in the Company's online solutions. The investment that the Company has made in enhancing the product suite is now being recognised by the market.

The Company's annualised cost base has also substantially declined by \$1.0 m (18%) year on year as a result of continuing restructuring actions.

The Company is closing the gap to operational profitability with \$1.3m of annualised revenue to be filled. The Company is now planning to bridge this gap from the increase in sales of its existing products and from the launch of additional products, as a result of the investment in innovative solutions as described below, which it will begin marketing during the first half of FY2021.

Customers

Q4 highlights have included three new international groups as clients and three contract renewals.

- New client Diageo Australia – Pricing Insights
- New client – Lion Pricing Insights
- New client – Inventive Healthcare Solutions
- Renewals – Pernod Ricard - Pricing Insights
- Renewals - Carlton United Breweries – Pricing Insights and Dynamic Pricing

Innovation

The Company has continued to develop and enhance its products as well as preparing for the launch of the two new verticals for its Pricing Insights solution- namely Health and Beauty and FMCG. These two new verticals as they will significantly expand the reach and scope of existing opportunities.

Expenditure on these initiatives in the quarter amounted to \$74,000.

Sale of TillerStack

The Sale of TillerStack GmbH was settled on 15 January 2021 for US\$1.25million (A\$1.63 million).

Half the consideration was received, and the balance of consideration is payable through an amortising promissory note over the next 12 months. The company has the option of converting this note to shares in the upcoming listing of Zenatech Inc. on the Canadian market.

Capital Management Update

As outlined in the previous Quarterly Activities Report, the Company had intended to hold a shareholders meeting to approve several resolutions including authorising a proposed capital raising and a proposed debt to equity conversion. The advent of COVID-19 with the combined market conditions led to the postponement of this meeting.

The Company is currently finalising its 2019 Audit and the audit review of the first half of FY2020. It is expected this will be completed in the next three weeks. This will also enable the Company to hold its AGM that was due in 2020. It is now intended that the AGM be held in the first quarter of FY2021 year.

Further, the Company has engaged Tech Voyage and Primary Markets to assist in providing it with strategic options for the Company to pursue including assisting with a major capital raise.

Payments to Directors and Related Parties

During the quarter, total payments to Directors and Related Parties included in operating cash flows were\$159,000 which included:

- Payments to Marcel Equity Pty Ltd (entity associated with Gary Cohen and Gregory Cohen) under cost sharing arrangements for office rent, electricity, and IT support of \$95,000.
- Payments to Executive and Non-Executive Directors for monthly fees of\$32,000.
- Payments to Gregkar Pty Ltd (entity associated with Gregory Cohen) as fees related to an invoice credit facility of \$10,000.
- Payments to Gregkar Pty Ltd (entity associated with Gregory Cohen) as expenses reimbursements of \$21,000.



Litigation

The Company has today issued a release advising of an action against the Company and two directors commenced by Geoffrey Shannon and the Sun Asia Group of companies. The Company strenuously denies the validity of the allegations in the statement of claim and believes the claim is without merit. The Company proposes to strongly defend its position in this matter.

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Appendix 4C

Monthly report for entities subject to Listing rule 4.7B

Name of entity

Invigor Group Limited

ABN

75 081 368 274

Month ended ("current month")

31 December 2020

Consolidated statement of cash flows	Current month \$A'000	Year to date (12 months) \$A'000
Cash flows from operating activities		
1.1 Receipts from customers	384	2,354
1.2 Payments for	-	-
(a) research and development	-	-
(b) product manufacturing and operating costs	-	(66)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs (including taxes and superannuation payments to the ATO)	(397)	(2,451)
(f) administration and corporate costs	(337)	(1,448)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	0
1.5 Interest and other costs of finance paid	(171)	(390)
1.6 Income taxes paid (refund received)	-	-
1.7 Government grants and tax incentives	-	1,230
1.8 Other (provide details if material)	-	35
1.9 Net cash from / (used in) operating activities	(521)	(736)
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	32	236
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(0)	(1)
2.4 Dividends Received	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	32	235
Cash flows from financing activities		
3.1 Proceeds from issues of equity securities	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction Costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings from Director related parties	-	428
3.6 Repayment of borrowings from Director related parties	-	(24)
3.7 Transaction Costs related to loans and borrowings	(127)	(227)
3.8 Dividends paid	-	-
3.9 Other - Proceeds from Borrowings	850	1,490
3.9 Other - Repayment of Borrowings	(159)	(1,101)
3.10 Net cash from / (used in) financing activities	564	565

4	Net increase (decrease) in cash and cash equivalents for the period	Current month	Year to date
		\$A'000	(12 months) \$A'000
4.1	Cash and cash equivalents at beginning of month/year to date	(83)	(73)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(521)	(736)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	32	235
4.4	Net cash from / (used in) financing activities (item 3.10 above)	564	565
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(8)	(8)

5	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current month	Previous month
		\$A'000	\$A'000
5.1	Bank balances	76	16
5.2	Call deposits	-	-
5.3	Bank overdraft	(85)	(98)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of month (item 4.6)	(8)	(83)

6	Payments to related parties of the entity and their associates	Current month
		\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	132
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

6.3 Explanation necessary to understand the transactions included in items 6.1 and 6.2:	
	Includes: 1. Payments to related parties under cost sharing arrangements for office rent and electricity 2. Payments to Directors for monthly fees and expense reimbursements 3. Fees paid to related party under invoice assignment facility

7	Financing facilities	Total facility amount at month end	Amount drawn at month end
		\$A'000	\$A'000
7.1	Loan facilities	10,731	10,617
7.2	Credit standby arrangements	-	-
7.3	Other - share placement commitments	50	-
7.4	Total financing facilities	10,781	10,617

7.5	Unused financing facilities available at month end (excluded from the total facility amount, and unused financing facilities at December month end is the facility with Marcel Equity Pty Ltd, refer to item 7.6 for further details)	164
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7.6	<p>Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after month end, include details of those facilities as well.</p> <p>National Australia Bank - 10.3% p.a. Interest Bearing, revolving, AUD 100,000 Secured Overdraft Facility Marcel Equity Pty Ltd (entity associated with Gary Cohen and Gregory Cohen) - 15% p.a. Interest Bearing AUD 7,500,000 Unsecured Facility, maturity 31 December 2021 At December month end, the unused amount of the financing facility with Marcel Equity was not available for drawdown, and has been removed from the calculation of unused facilities calculation. The use of the undrawn facility is subject to the terms of the facility which provides Marcel Equity the discretion to approve each drawdown notice. Gary Cohen - 16% p.a. Interest Bearing AUD 1,000,000 Secured Loan, repayable on demand Gregkar Pty Ltd (entity associated with Gregory Cohen) - 10% Fee AUD 150,000 Invoice Assignment Facility Partners For Growth IV, L.P. - 16% p.a. Interest Bearing AUD 217,000 Secured Loan, repayable on demand Karoo Investment Group - 15% - 20% p.a Interest Bearing AUD 220,000 Unsecured Loan, repayable on demand Glowaim Pty Limited - 20% p.a. Interest Bearing AUD 1,400,000 Secured Loan, repayable on demand Finarch Holdings Pty Limited - 20% p.a. Interest Bearing AUD 1,490,000 Secured Loan (now AUD1,140,000 following AUD350,000 repayment in January), repayable 12 August 2021 (subject to an extension option) John Hayson - 3% p.m. Interest Bearing AUD 500,000 Unsecured Loan, repayable on demand Other short-term loans - 15% p.a. interest, AUD 187,000 Unsecured Loans, repayable on demand Other short-term loans - 15% p.a. interest, AUD 787,000 Secured Loans, repayable 30 April 2021 Sophisticated investor - 20% p.a. interest, AUD 233,333 Unsecured Facility, repayable on demand</p>
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8	Estimated cash available for future operating activities	\$/'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(521)
8.2	Cash and cash equivalents at month end (item 4.6)	(8)
8.3	Unused finance facilities available at month end (item 7.5), see further detail under Marcel Equity facility in item 7.6	164
8.4	Total available funding (item 8.2 + item 8.3)	156
8.5	Estimated months of funding available (item 8.4 divided by item 8.1)	(0.3)

8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>No. Although Net Cash Flows in December continue to be negative, the Company does not expect negative operational cash flows during the next quarter of 2021, as it is expecting significant customer receipts and the proceeds from the sale of TillerStack in January 2021.</p> <p>8.6.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <p>The Company has appointed a Corporate Advisor to assist in a advising on strategic options including a capital raise and strategic partnerships. The Company has a high degree of confidence of success in this strategy.</p> <p>8.6.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?</p> <p>Yes. The Company has arranged to sell a non-core asset, Tillerstack GmbH, which occurred in January 2021. Further, the Company has arranged some interim funding on the basis of the pending sale of TillerStack to provide additional working capital.</p>
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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with ASX Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2021

Authorised by: Executive Chairman, Gary Cohen



Gregory Cohen, Director