

## Invigor Group Limited - Annual General Meeting Chairman's Address

23 June 2017

Good Morning

Usually at an AGM one spends some time discussing the past 12 months' achievements. Whilst we are proud of what we have done in transforming our business, the highlights of which I will touch upon, the best lies ahead and that is what I want to focus most on today.

### **Year in Review**

The highlights over the past twelve months are many and varied, but undeniably our stand-out achievement is our group revenue growth in FY2016 which has been +45% year-on-year to reach \$8.5 million.

This has been driven by securing major Brands and Retailers such as Moët Hennessey, Sharp Electronics and The Good Guys for Insights Retail, our market intelligence solution along with Condat winning \$3.2m of major new contracts in Europe in 2016 and \$2.35 m in 2017 year to date.

We also continue to invest and innovate, setting us up for further high-growth in 2017.

We developed a self-serve online price tracking solution. SpotLite launched in February in Australia and internationally, shortly thereafter - opening up competitive market intelligence to any business.

We also announced a partnership with and subsequent acquisition of Sprooki Pte Ltd, a Singapore based shopper engagement and loyalty platform. The acquisition of Sprooki has provided us with value accretive product, people and market footprint to drive future growth and unlock new revenue opportunities in Asia-Pacific and beyond.

## **Why is this so?**

The market needs a game changer. The announcement that Amazon is coming to Australia has sent shivers down every major retailer and shopping centre. Just last week Amazon announced it was entering into the food retail market with the purchase of Whole Foods for US \$13B. Amazon uses data and technology to drive every facet of its business, from the way it understands customer behaviour, markets and launches new products and manages supply chain and logistics. Amazon is not just a marketplace, they are a retailer, a manufacturer, a transportation hub, a logistic company, a big data and technology business.

As a whole ecosystem, Amazon reinvests its profits to understand its customers better and uncover opportunities to innovate - presenting more choices and experiences that serve them better and keep customers revisiting. And it's not just Amazon – Tencent, owner of WeChat and Alibaba are investing heavily with the latter also setting up shop in Australia.

Whilst some companies can invest millions to capture customer data, linking it to business outcomes like revenue and profit uplift this is out of reach from many businesses. Even assuming one has the resources at hand to collect a tremendous amount of data, actioning a data-driven customer strategy in an efficient way without sizable investment in human or other capital may be unattainable. In short, many companies either do not collect the data they need or extract too little visible value from the amount of data they collect.

This is where Invigor comes in. We have data insights and loyalty solutions for the retail sector which not only help grow revenue and increase margins, but provide a more profitable approach to today's commerce.

We like to think about it as the antidote to Amazon. The pill you need to level the playing field and either help one to work more effectively with Amazon-like companies or to compete with them over the long-term.

Let's look at how we are doing that. We have now two major solutions that tackle the problem.

The first is our Insights 360 Solutions. These help any consumer-based business to understand their customers and competitors better and go beyond to identify growth opportunities.

Always focusing on business outcomes in the most efficient way possible, Insights 360 solutions utilise unique data sets that we own and machine learning algorithms for real-time insights and predictions over time.

Examples of this might be a consumer electronics brand who are deciding which products to promote or what price to set each day in the context of what their competitor is doing right now. Or a health products retailer hoping to understand which customers are most valuable to them in terms of profitability and how they can acquire more of those customers in future.

The other solutions group is Loyalty. These solutions revolve around actioning data to influence future shopping behaviour, acquire and retain the right customers and make sales happen.

Whether it is messaging a VIP customer with a reward the day before their usual visit or welcoming them with a selection of recommended products and service experiences as they step over the threshold of the store or mall the loyalty solutions predict and automate how does one best engage with that customer to ensure that they are likely to frequent and purchase more from the retailers. Again, this is not just understanding what has or is happening but also to influence and make future commerce happen.

### **Can we scale the business?**

When we look at the potential market of our enterprise customers we see that it is not limited geographically. What is happening in Australia is also happening around the world. It is occurring in Asia and also in Europe. These are markets where today we have physical presence and people on the ground and where we are able to execute on this strategy.

The volume of enterprise customers in our opportunity segment are not small – we have estimated that in these markets alone there are over 16,000 business that are

within our core target segment and will be investing in data-driven solutions in the next 3 years.

**So how are we going to execute this strategy?**

First, we need to strengthen our balance sheet. As a first step we announced that Allectus Capital became a substantial shareholder some weeks ago. Allectus is a large Investment Fund that invests in disruptive technologies.

Further, I am pleased to announce today – see separate announcement – that we are raising over \$2.5M in convertible notes and we have already received commitments for over 60%.

Second, we need to focus on our core business and ensure our working capital can be applied to furthering this with the highest growth opportunity and synergies. Therefore I am announcing today a strategic review of our non-core assets, including our Condat business. The outcome of this review could result in a divestment of these assets – which if pursued, will lead to a significant reduction in our debts and surplus cash to fulfil our objectives.

Third, we are building relationships with key partners and other platforms that can substantially assist us in accelerating growth and scale. We have already embarked on this course with our SpotLite solution and announced agreements with EBay and GoDaddy.

We are currently working on a number of other strategic partnerships that will see our products embedded or distributed to leverage their existing customer base and high volume of transactions across more of our portfolio of solutions.

Fourth, we are working on customer opportunities where our revenue is more aligned to success and the increased revenue and value we deliver. We see this as particularly valuable in a number of verticals but especially the payments sector and other transaction-focused businesses.

We have also announced changes to our Board which we believe will help steer the company to deliver improved shareholder value. I am stepping down as Chairman to focus on my CEO role. Bob McKinnon will become the new Chairman

of the Company. Bob's experience as CIO with two of Australia's leading banks, Westpac and CBA along with his background in finance and property will provide an invaluable resource for me and the Board. We also welcome Jack Hanrahan whose experience with Retail and Shopping Centres is highly relevant to our strategic direction.

John Hayson will be stepping down after the AGM. John remains a major shareholder and a great supporter of the Company. I thank John for his service and advice.

Together with our employees and the Board we look forward to delivering greater shareholder value in the years ahead.