

ASX Announcement

31 July 2017

Appendix 4C

Invigor delivers transformational quarter with strong customer growth

- Receipts from customers up 28% quarter-on-quarter to \$2.2 million
- Industry-reshaping transaction with Sprooki closed, giving Invigor a comprehensive and unmatched portfolio of data analytics solutions
- Major new sales agreements and contract extensions from leading international companies including Pernod Ricard, Sharp, Moët Hennessy
- Secured highly-strategic technology partnerships with leading global innovators including eBay and VMO
- Invigor well-funded for growth through growing customer receipts and financing facilities.

Leading big data solutions company **Invigor Group Limited (ASX: IVO)** (“Invigor”, “the Company”) has released its Appendix 4C for the quarter ended 30 June 2017. During the quarter, the Company delivered strong progress across a number of fronts, both domestic and international.

Key highlights included signing major revenue-generating contracts and partnerships with national and international companies, securing substantial funding commitments, and the transformational acquisition of high-profile technology company Sprooki.

Solid customer receipts generated during the quarter

Growth in receipts from customers was particularly pleasing, increasing 28% quarter-on-quarter to \$2.2 million (prior quarter: \$1.73 million). This has been driven by a solid performance from the Condat business and pleasing growth from Invigor’s domestic Analytics operations. There were no material receipts from the Sprooki business given the acquisition settled at the end of June.

Sprooki acquisition

A major highlight for the quarter was the announcement of Invigor’s game-changing acquisition of high-profile Singapore-based technology innovator Sprooki, primarily through the issue of scrip and based on certain milestones being achieved. The first tranche of the initial consideration comprising \$2.55m in IVO scrip has been issued, of which \$1.64m represent vendor shares which are subject to a 12 months’ escrow.

The highly strategic transaction has unlocked strong synergies between Invigor and Sprooki, positioning the Company as a leader in the loyalty and data analytics market. The acquisition also gives the Company a strong and established customer footprint spanning Australia, Asia and Europe.

As a result of the acquisition, Invigor will be able to leverage a comprehensive and unmatched portfolio of data analytics solutions to provide powerful defences and opportunities to companies combatting new threats from online, including Amazon.

Major contract wins

During the quarter, Invigor secured a string of major sales contracts with industry-leading companies for its suite of data analytics solutions, adding the likes of Pernod Ricard and Sharp to its customer base.

Along with adding new customers, Invigor also secured a major three-year contract extension with international liquor and wine giant Moët Hennessy, highlighting the critical importance of Invigor's suite of data analytics solutions to its existing customers.

To capitalise on growing international interest in Invigor's suite of cutting-edge cloud-based data analytics solutions, the Company launched its SpotLite market intelligence platform into the European and North American markets, following a successful rollout in Australia during the first quarter of 2017.

Further underscoring Invigor's rapid international growth during the quarter, the Company appointed experienced IT executive Peter Herrmann as its Managing Director in Germany to oversee the continuing rapid expansion of its business across Europe.

International technology partnerships

To further accelerate growth, Invigor signed major international partnerships that leveraged the significant market presence and expertise of a number of highly-innovative international technology companies. These deals underscored the growing recognition in the marketplace of Invigor as a technology and innovation leader.

Invigor entered into a partnership with eBay to cross-promote the market-leading SpotLite market intelligence solution to over 40,000 sellers using the online auction giant's platform in Australia. The deal built on the momentum generated in the previous quarter through a similar partnership with leading global online services provider GoDaddy.

Invigor also established a partnership with Australia's largest digital out-of-home advertising provider, VMO (Val Morgan Outdoor), to leverage data gathered through the Company's free wi-fi technology showcase at the world-famous Manly Wharf precinct.

Securing major funding commitments

Invigor's major wins in terms of customer acquisition, M&A and global partnerships were recognised by a number of leading and well regarded investors which committed funds to Invigor's growth during the quarter.

On June 25, Invigor announced a new \$2.5m financing facility to sophisticated investors who recognise the strong international growth potential of the Company's unmatched portfolio of data analytics solutions. So far, the Company has received \$1.9 million worth of commitments to this funding, greatly increasing Invigor's near-term financial flexibility.

Additional validation of Invigor's strategy and technology from leading investors was provided by Allectus Capital, who have invested \$1 million into the Company, as reported in April.

Management Commentary

Invigor's CEO Mr. Gary Cohen said: "This was a transformational quarter where Invigor clearly established itself as a leader in the data analytics industry, both in Australia and regionally. This was highlighted by highly complementary M&A initiatives, major customer contract wins, partnerships with global brands and new financing arrangements.

"The Sprooki transaction was one development where the result achieved is significantly more than the sum of its parts. It has given Invigor an unmatched suite of data analytics solutions that will help traditional retailers, shopping precincts and brands to level the playing field and fend off the threats posed by online disruptors like Amazon.

"International brands like Pernod Ricard, Sharp and Moët Hennessy, after careful market evaluation, have all come to the conclusion that no other product on the market offers the robust industry insights that Invigor can provide, and that's leading to strong sales growth.

"This was a quarter in which industry-leading technology firms including eBay and VMO decided to integrate their technology platforms with Invigor to create solutions that are unsurpassed in the marketplace.

"Leading investment firms like Allectus Capital, along with a range of sophisticated investors, have carefully examined Invigor's strategy, and have concluded that Invigor has a world-class technology platform and is primed and ready for growth. Their funding commitments reflect this."

Outlook

Invigor's tendering pipeline is at records levels and the Company expects steady conversion of tenders into revenue-generating contracts from this quarter onwards. A number of announcements are pending.

The Company is sufficiently funded for the current quarter and beyond to execute on its current growth objectives due to:

- Growing operating cash flows from its operations in Australia, Europe and now Asia including receipts from customers generated from sales;
- Other cash in-flows from recently announced financing initiatives and the expected receipt of \$1.1M in R&D refunds.

Further, as announced at the AGM the Company is exploring some strategic initiatives regarding its noncore assets.

Invigor looks forward to updating shareholders on its progress.

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<https://twitter.com/InvigorGroup>

About Invigor Group Limited

Invigor Group (ASX: IVO) uses its complementary suite of big data products to source, aggregate, analyse and publish content for the benefit of businesses and consumers.

Today its interconnected data sets enable enterprise clients including retailers, brands, shopping centres and government bodies to identify and better understand competitors, consumers, markets and demographics while providing the consumer with the best value-for-money.

Using its current products and a pipeline of additional offerings Invigor will have the ability to provide an end-to-end solution spanning sales, product management, business intelligence, marketing, advertising, content creation and distribution, while monetising each step of the process.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Invigor Group Limited

ABN

75 081 368 274

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	2,199	3,937
1.2 Payments for	-	-
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(40)	(86)
(d) leased assets	-	-
(e) staff costs	(2,050)	(3,998)
(f) administration and corporate costs	(1,054)	(2,139)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(220)	(448)
1.6 Income taxes paid (refund received)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net operating cash flows	(1,165)	(2,734)
2 Cash flows related to investing activities		
2.1 Payment for acquisition of:		
(a) physical non-current assets	-	-
(b) businesses (item 10)	20	(60)
(c) equity investments	(18)	(41)
(d) intellectual property	-	-
(e) other non-current assets - convertible notes acquired	-	-
2.2 Proceeds from disposal of:		
(a) physical non-current assets	-	-
(b) businesses (item 10)	-	-
(c) equity investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Loans to other entities	0	0
2.3 Loans repaid by other entities	-	-
2.4 Dividends Received	-	-
2.5 Other - Distribution received from Kit Digital Inc	-	-
2.6 Net investing cash flows	3	(100)

Cash flows related to financing activities			
3.1	Proceeds from issues of shares, options, etc. (net of transaction costs offset)	1,000	1,000
3.2	Proceeds from issue of convertible notes	900	900
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction Costs related to issues of shares, con notes or options	-	(16)
3.5	Other - borrowings from director related parties	(391)	(191)
3.6	Other - repayment of borrowings from director related parties	-	-
3.7	Transaction Costs related to loans and borrowings	(50)	(50)
3.8	Dividends paid	-	-
3.9	Other - Repayment of Debts, Con Notes and Borrowings	93	1,055
3.10	Net financing cash flows	1,552	2,698
4	Net increase (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	117	642
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,165)	(2,734)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3	(100)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,552	2,698
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash at end of quarter	506	506

5 Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	506	117
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (Term deposits)	-	-
5.5	Total: cash at end of quarter (item 4.6)	506	117

6 Payments to directors of the entity and associates of the directors

	Current quarter \$A'000
6.1	Aggregate amount of payments to the parties included in item 1.2
6.2	Aggregate amount of loans to the parties included in item 2.3
6.3	Explanation necessary to understand the transactions included in items 6.1 and 6.2
Includes payments made under service agreements to entities associated with Gary Cohen and payment of directors' fees and executive directors' remuneration	

7 Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
7.1	Aggregate amount of payments to the parties included in item 1.2
7.2	Aggregate amount of loans to the parties included in item 2.3
7.3	Explanation necessary to understand the transactions included in items 7.1 and 7.2
Includes payments made under service agreements to entities associated with Gary Cohen and payment of directors' fees and executive directors' remuneration	

8 Financing facilities available

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	7,226	6,346
8.2 Credit standby arrangements	-	
8.3 Other (please specify)	-	

8.4 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 quarter end, include details of those facilities as well.

National Australia Bank - 10.3% Interest Bearing AUD\$100,000 Secured Overdraft Facility
Berliner Sparkasse - 4.75% p.a. EUR350,000 Unsecured Loan
Berliner Sparkasse - 9.5% p.a. EUR350,000 Overdraft facility unsecured
Berliner Volksbank - 9.5% p.a. EUR50,000 Overdraft facility unsecured
Employee Loans - 10% p.a. Interest Bearing EUR300,000 Unsecured Loans
Hermann Loan - 9% p.a. EUR1,000,000 Loan Facility
Get2Volume Pte Ltd - 10% p.a. Interest Bearing SGD\$285,900 Unsecured Loan
Marcel Equity Pty Ltd - 10.3% (entity associated with Gary Cohen and Gregory Cohen) - Interest Bearing AUD\$1,000,000 Unsecured Loan
R&D Capital Partners - 15% p.a. Interest Bearing AUD\$900,000 Secured Loan
Partners For Growth IV, L.P. - 10% p.a. Interest Bearing AUD\$2,000,000 Secured Loan

9 Estimated cash outflows for next quarter

	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(100)
9.4 Leased assets	-
9.5 Staff costs	(2,400)
9.6 Administration and corporate costs	(1,000)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows *	(3,500)

** The company is an operating business that generates cash inflows each quarter, including receipts from customers generated from sales. As per reporting requirements of Section 9 in this report, the above summary of anticipated cash outflows including costs of generating forecasted sales for the next quarter ending 30 September 2017, does not reflect any anticipated cash inflows including receipts from customers or research and development expenditure tax incentive (expected to be in the range of \$1.1M - \$1.2M). Sales receipts from customers for the quarter ended 30 June 2017 was \$2,199K.*

10 Acquisitions and disposals of business entities

		Acquisitions	Disposals
10.1	Name of entity	Sprooki Pte Ltd (Singapore Incorporated) and Sprooki Ltd (Australia Incorporated)	
10.2	Place of incorporation or registration	Singapore	
10.3	Consideration for acquisition or disposal	\$3,512,291	
10.4	Total net assets	-\$480,381	
10.5	Nature of business	E-Commerce - Software & Data solutions	

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.
Sign here:


Gregory Cohen, Director
Date: 31 July 2017