

ASX Announcement

28 February 2018

2017 Annual Results

Invigor Group Limited (ASX: IVO) (“**Invigor**” or “**the Company**”), is pleased to report on its financial and operational performance for the 12 months ended 31 December 2017.

A year of significant growth and transformation

Invigor delivered solid operational progress across the group including securing new partnerships, launching and acquiring new businesses, locking in new contracts and multiple contract extensions, and strengthening its balance sheet with commitments received from new investors and existing shareholders throughout the year.

As a result of the decision to conduct a strategic review of the non-core operations during the year, Invigor announced on 27 February 2018 that it had reached an agreement to sell Condat AG, comprising the Media division for €2.4 million (\$3.75 million). As part of this divestment Invigor has established a subsidiary, TillerStack Ltd to acquire from Condat the Skyware workforce management division. The proceeds of this sale will be used to retire approximately \$3.6 million in debt and positions the Company for major growth with its two core divisions being Data Intelligence and Analytics and Workforce Management Solutions.

The decision to acquire Skyware follows on from the announcement in December to expand the Skyware Workforce Management Solution into the Asia Pacific region. Skyware’s platform assists companies with their requirements around workforce mobility. Based on Skyware’s strong performance in Europe and its recent new client wins, Skyware has considerable potential to grow in the Asia Pacific region.

Financial Performance

Extracted from the 31 December 2017 Preliminary Financial Statements which remain subject to audit completion

	Year to 31 December 2017 \$A'000	Year to 31 December 2016 \$A'000	Change %
Revenue from ordinary activities	8,599	8,500	1.2%
Earnings before Interest, Tax, Depreciation, Amortisation and Impairment ('EBITDAI')	(3,314)	(4,120)	20%
Net profit (loss) from ordinary activities after tax attributable to members	(13,150)	(6,775)	(94%)
Net profit (loss) after tax attributable to members	(13,150)	(6,775)	(94%)
Net Cash used by Operating Activities	(5,010)	(4,909)	(2%)

The result for 2017 reflects:

- eight months contribution from Invigor Asia Pte Limited (“Sprooki”);
- impairment charge of \$0.5 million in second half of 2017, bringing total impairment charge for the period to \$6.95 million.

Please refer to the attached 31 December 2017 Appendix 4E and Preliminary Financial Statements for further information.

Completion of the transformational Sprooki acquisition

Invigor’s transformational acquisition of Singapore-based engagement and loyalty platform Sprooki was completed on 30 June 2017. Whilst Sprooki contributed \$279,000 of revenue in 2017, it has unlocked strong synergies between Invigor and Sprooki, giving the Company an established global customer footprint spanning Australia, Asia and Europe and significantly strengthened the Company’s management ranks and the capabilities and experience of its Board. The acquisition also positions Invigor as a leader in the loyalty and data driven retail market currently undergoing transformation, with a comprehensive portfolio of data driven solutions for commerce that enable online and bricks and mortar retailers, brands and shopping malls to compete more effectively in this new world.

Multiple contract wins and extensions

Invigor secured a string of major sales contract wins for its Pricing solution during the year. Industry-leading companies added to the Company’s revenue-generating customer base included Asahi, Pernod Ricard, Sharp, Accolade Wines and a major three-year contract extension with international liquor and wine giant Moet Hennessy.

The benefits of the Sprooki acquisition were demonstrated and reinforced with two pilots being commenced with two major Australian shopping mall groups. And again in early December with Ayala Malls (a division of Ayala Land in the Philippines which owns and operates over 30 malls) deploying Invigor’s Visitor insights solution as a pilot with a view to rolling the solution out across its network. In early January the Company signed an Agreement with Singaporean Group Mercatus Cooperative to use Loyalty in their three Singaporean Malls.

Full scale launch and scale up of SpotLite

During the first half of the year, Invigor undertook a full-scale launch of its market intelligence and price tracking solution SpotLite and subsequently launched the platform in the United States, Asia, the United Kingdom, Western Europe, South America and the Middle East.

By year end SpotLite subscription levels have grown significantly. Major new paid SpotLite customers now include leading Australian and International Brands, on-line retailers and Telcos.

International partnerships secured

During the year, Invigor entered into a series of partnerships with industry-leading international companies to accelerate sales growth and leverage synergies with highly-innovative third-party technology solutions. Major partnerships included Australia’s largest digital out-of-home

advertising provider VMO (Val Morgan Outdoor) where Invigor launched a free wi-fi technology showcase that has monetised the significant traffic flow through the world-famous Manly Wharf precinct.

A key development for the Company was the signing in late December of a new, binding Memorandum of Understanding (MoU) with Microsoft Pty Ltd following completion of a successful pilot project between the two companies.

Under the MoU, Microsoft and Invigor will collaborate to drive digital transformation in the retail industry, a key strategic vertical focus for both organisations. Microsoft will provide Invigor with co-marketing funds, technical training and development resources to support product development and accelerate the growth in customer adoption of Invigor's Shopper Insights and SpotLite solutions on Microsoft Azure.

A solid performance by Condat

Condat continued to deliver a steady financial performance. The business booked revenue of \$6.7 million (2016: \$7 million) and earnings before interest, tax, depreciation and amortisation (EBITDA) was \$947,000, an 85% increase on 2016 (\$512,000). Gross margin also grew to 21% an increase from 2016 gross margin of 18%.

Strengthening the balance sheet and funding future growth

In April 2017, shareholders approved a \$2.52 million Convertible Note issue and short-term loan funds were transferred to this facility. These notes are for 1 year and are now convertible at \$0.007 following subsequent capital raises.

In May 2017 Invigor raised \$1.1 million from sophisticated investors to fund the Sprooki acquisition. This was complemented by a \$1.34 million Convertible Note issue in October. These notes are for 1 year and are convertible at \$0.012.

In December 2017 Invigor completed a \$2.2 million capital raising, and a further \$650,000 raise subsequent to year-end. This has allowed the Company to repay some debts and deliver greater financial flexibility.

Options approved on 27 February 2018 are expected to raise an additional \$1 million of cash in March 2018 based on commitments received to the date of this report and the favourable exercise price.

Invigor is pleased with the support it has received from existing shareholders and new investors and this is a solid vote of confidence in the Company and its growth prospects.

As noted above the sale of the Media division of Condat will enable the reduction of approximately \$3.6 million in debts.

Notable events subsequent to the end of FY2017

Subsequent to the end of the year, and as reported to the Market, Invigor has continued with its track record of growth with new contract wins and extensions secured in Australia and Asia.

\$850,000 worth of new contract wins and renewals were secured in the first two months of FY18. The revenue is derived from the Company's core Data Intelligence business and includes contracts for Pricing and Loyalty solutions ranging from 1-3 years. Customers include Epson, Asahi and Mercatus Co-operative Limited.

Further, the Skyware business secured a contract for logistics support with Edeka, one of Europe's largest food retailers with an initial contract valued over AUD\$100,000.

Invigor also announced its intention to unlock the potential value of Skyware with a number of options being considered, including a potential spin-off of TillerStack, the holding company for the Skyware workforce management solution. Invigor has received from a Sophisticated Investor, \$500,000 by way of a Note providing the Investor with the option to convert to a 5% cornerstone shareholding in TillerStack and the right to invest a further \$500,000 into TillerStack on the same valuation metrics. The Company is pleased that this transaction has unlocked the value of Skyware.

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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.

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