

29 APRIL 2022

ASX Announcement

Appendix 4C December, Strategy Update and Quarterly Activities Report January – March 2022

Invigor Group Limited (ASX:IVO) (“Invigor” or “the Company”) refers to the attached Appendix 4C report on the consolidated statement of cash flows for the month ended 31 March 2022.

The Company advises that during the March quarter, it finalised a significant re-capitalisation plan, reducing debt by approximately \$18.5m. Included in the execution of the re-capitalisation plan were the cash payments of \$1.6m of non-recurring costs (reflected in cashflow from operations), and the cash repayment of \$3.2m of secured and unsecured loans. Similarly, interest and other financing costs will be significantly reduced going forward.

Included as part of the one-off costs above are the following items:

- Payments to independent Directors for monthly fees and deferred amounts from 2019-2021 and expense reimbursements of \$220k;
- Payments to Executive Directors and related employees for salaries/monthly fees and deferred amounts from 2019-2021 and expense reimbursements of \$544k;
- Payment of interest on related party loans including amounts deferred from 2019-2021 of \$187k and Repayment of Director and related party loans including interest payable from 2019 -2021 of \$453k.

Cashflow from operations was also impacted due to the timing of customer receipts and other revenues. The quarter underlying cash receipts were \$118k, before adjusting for payments made in advance. Normalised cash receipts were \$212.5k, with \$95K received in earlier periods.

The Company booked revenue of \$964k for the quarter which will be reflected in cash flows in the normal course of operations throughout the 2022 calendar year consistent with prior financial years.

Approved and authorised for release by the Board

For further information, please contact:

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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 January – March 2022

Key Highlights

- Re-Instatement on the ASX
- Total Revenue: Up 29% YoY From \$748k to \$964k (comparative quarter)
- Monthly Interest and Financing Costs: Down by 81% (average prior 10 months vs. forecast)
- New Customers: 10% Growth quarter on quarter
- Customer Retention: Current run rate 100%
- Users: Up 15% quarter on quarter
- Cost of Goods Sold: Reduced by 89% YoY (comparative quarter)
- Direct Salaries: Reduced by 51% YoY (comparative quarter)
- Other Direct Costs: Reduced by 90% YoY (comparative quarter)
- Allectus Capital Limited, a large diversified international investment fund, becomes a major shareholder

Capital Management

- Allectus Capital Limited, a large diversified international investment fund, becomes a major shareholder in the Company at 19.9%.
- As advised in February, the company finalised a significant re-capitalisation plan, reducing debt by approximately \$18.5m. Included in the execution of the re-capitalisation plan were the cash payments of \$1.6m of non-recurring costs, and the cash repayment of \$3.2m of secured and unsecured loans. Similarly, interest and other financing costs will be significantly reduced going forward.
- Allectus Capital have agreed to provide a secured facility, secured, with a matching dollar for dollar (\$1,400,000) issue of options, with the facility fully repayable on 30 April 2024.

Strategy

With the recapitalisation and the re-instatement process now complete the Company continues to capitalise on the accelerated consumer shift to online, as there is a strong demand for accurate data analytics from retailers and brands as more businesses emerge from the uncertainties of the past 12 months. Focus therefore is strongly on a tiered SME SaaS strategy, Artificial Intelligence (AI), Machine learning (ML) and Monetizing our data warehouse to support complex pricing and promotion algorithms.

Further investment is also planned for product innovation that will allow the Company to accelerate growth into new verticals such as FMCG, Health & Beauty and Office Supplies. This investment will also contribute to the reduction of costs to deliver the Company's product through efficiencies brought on by the use of AI and machine learning applications.

Sales Focus

- Potential customer pipeline for the current quarter grew by 27% compared to the last quarter of FY2021.
- The Company continues to have a very strong share of liquor brands in its portfolio, with many untapped international brands still in the pipeline, along with the ever-growing list of new and existing retailers entering the Australian market.
- The consumer electronics category continues to be a significant growth sector with numerous international brands, local omni channel and pureplay retailers, some of which are in the final stages of contract negotiations.
- The Company has invested in a new Business Development lead who has 20 years of liquor industry experience.
- In line with recent online buying trends, and the Company's strategy outlined above, the team is also focused on building a solid pipeline in new categories that are becoming more and more price sensitive such as, Health & Beauty, Office Supplies and FMCG.
- The Company has recently announced a partnership with the Australian Marketplacer who counts the likes of major Australian retailers as its customers. The Company expects to leverage this new relationship by offering combined services and value for their customers.

Operational Efficiencies

The company is gearing up its capabilities to execute on the strategy to extend the number of categories and international expansion by planning a modernisation of its architecture and infrastructure especially with Pricing Insights, Retailers Insights and On-Premises Insights.

- Invigor is recruiting new talent to cater for its growth plan in 2022 and beyond with a focus on Automation of processes, based on Machine Learning and Artificial Intelligence.
- Development of new features has supported the roadmap of products enhancements.

Payments to Directors and Related Parties

- Payments to related parties under cost sharing arrangements for office rent and electricity were \$213k
- Payments to independent Directors for monthly fees and deferred amounts from 2019-2021 and expense reimbursements were \$220k
- Payments to Executive Directors and related employees for salaries/monthly fees and deferred amounts from 2019-2021 and expense reimbursements were \$544k
- Payments of interest on related party loans including amounts deferred from 2019-2021 were \$187k
- Repayments of Director and related party loans including interest payable from 2019-2021 were \$453k

Innovation

The development of new verticals for the Pricing Insight solution continues with Office Supplies the first new category to have launched successfully in Q1. Expenditure on these initiatives in the quarter amounted to \$131,000.

CEO Commentary

"It truly is exciting times for the Invigor Group. After 2.5 years, a lot of hard work and fundamental changes, the company was able to satisfy the ASX requirements for the reinstatement of its shares to the official list and the subsequent resumption of trading on the 21st of April 2022.

The cost reductions that have been made along with the elimination of \$18.5m of debt will result in long-term benefits for the Company. Our recurring SaaS revenue has grown by 159% YoY, a big part of which can be attributed to upsells within existing clients and new business. Over \$4M worth of potential new pipeline has been identified, 40% of which is currently negotiation.

A 24% increase in our product development costs speaks to the undoubted confidence in our product and the real problem it addresses in today's retail landscape. The Company is now taking advantage of the significant prior investment in product development to pursue significant revenue growth and look at ways of monetizing our 1 Terabyte worth of historical data that is proving valuable to any AI, algorithm based strategy. This investment will also allow Invigor to bring in a tiered SaaS solutions to help execute on our SME strategy.

Being one of Australia's leading pricing insights and AI driven analytics platform, we continue to experience first mover advantage in this space. Our product is unmatched in uptime, very high matching accuracy and agile tech which can quickly move into new verticals.

Moving forward with a restructured balance sheet, we are looking forward to working closer with our major shareholders to continue adding to the recent growth, adding value to our customers and ultimately to all our shareholders."

Approved and authorised for release by the Board

For further information, please contact:

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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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Invigor Group Limited

ABN

Quarter ended ("current quarter")

75 081 368 274

31 March 2022

Consolidated statement of cash flows		Current Quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows from operating activities			
1.1	Receipts from customers	90	90
1.2	Payments for	-	-
	(a) research and development	-	-
	(b) product manufacturing and operating costs (including new product innovation costs)	(131)	(131)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs (including taxes and superannuation payments)	(943)	(943)
	(f) administration and corporate costs	(1,211)	(1,211)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	0	0
1.5	Interest and other costs of finance paid	(451)	(451)
1.6	Income taxes paid (refund received)	0	0
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(2,645)	(2,645)
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	-	-
	(b) businesses	67	67
	(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	0
2.4	Dividends Received	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	67	67
Cash flows from financing activities			
3.1	Proceeds from issues of equity securities	6,600	6,600
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	(451)	(451)
3.5	Proceeds from borrowings from Director related parties	-	-
3.6	Repayment of borrowings from Director related parties	(160)	(160)
3.7	Transaction Costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - Proceeds from Borrowings	-	-
3.9	Other - Repayment of Borrowings	(3,146)	(3,146)
3.10	Net cash from / (used in) financing activities	2,843	2,843

4	Net increase (decrease) in cash and cash equivalents for the period	Current Quarter	Year to date
		\$A'000	(3 months)
			\$A'000
4.1	Cash and cash equivalents at beginning of quarter/year to date	(48)	(48)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,645)	(2,645)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	67	67
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,843	2,843
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	217	217

5	Reconciliation of cash and cash equivalents	Current Quarter	Previous Quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	217	(0)
5.2	Call deposits	-	-
5.3	Bank overdraft	-	(48)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (item 4.6)	217	(48)

6	Payments to related parties of the entity and their associates	Current Quarter
		\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	1,164
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

7	Financing facilities	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
7.1	Loan facilities (excludes additional \$1.4m facility executed in April. Refer to details in 7.6 and 8.6.2 below)	1,412	1,312
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,412	1,312
7.5	Unused financing facilities available at quarter end		100

7.6	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.	
	<p>National Australia Bank - 10.3% p.a. Interest Bearing, revolving, AUD 100,000 Secured Overdraft Facility</p> <p>Glowaim Pty Limited - 20% p.a. Interest AUD 878,000 long term Loan, repayable on 30 April 2023</p> <p>Allectus Capital Limited working capital loan- (April 2022) 8% p.a, secured AUD1,400,000, with a matching dollar for dollar (\$1,400,000) of options, with the facility fully repayable on 30 April 2024. The issue of options will be subject to shareholder approval which will be sought at the upcoming AGM to be held on 31 May 2022 and the terms of these options will be detailed in the Notice of Meeting.</p> <p>Marcel Equity Pty Ltd (entity associated with Gary Cohen and Gregory Cohen) - 20% p.a. Interest AUD 378,000 long term Loan, repayable on 30 April 2023</p>	
8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,645)
8.2	Cash and cash equivalents at quarter end (item 4.6)	217
8.3	Unused finance facilities available at quarter end (item 7.5)	100
8.4	Total available funding (item 8.2 + item 8.3)	317
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.1
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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>During the quarter the company finalised a significant re-capitalisation plan, reducing debt by approximately \$18.5m. Included in the execution of the re-capitalisation plan were the cash payments of \$1.6m of non-recurring costs, and the cash repayment of \$3.2m of secured and unsecured loans. Similarly, interest and other financing costs will be significantly reduced going forward.</p> <p>The Company expects that cashflow from Operations will be negative for the balance of the first half of 2022 as investment increases in development resources, resulting in increased sales revenues from additional products and features offered.</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>The company has announced a long-term working capital financing facility in April with Allectus Capital Limited, this will provide additional working capital for the continued investment in product development. Details are as follows:-Allectus Capital Limited working capital loan- (April 2022) 8% p.a, secured AUD1,400,000, with a matching dollar for dollar (\$1,400,000) of options, with the facility fully repayable on 30 April 2024. The issue of options will be subject to shareholder approval which will be sought at the upcoming AGM to be held on 31 May 2022 and the terms of these options will be detailed in the Notice of Meeting.</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>Yes, following the settlement of the restructure, and a significant reduction in interest costs (forecasted to reduce from \$654k to \$126k per quarter) and increase in customer revenues, the company will be able to achieve its business objectives.</p>	

Compliance statement

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

Date: 29 April 2022

Authorised by: The Board



Gregory Cohen, Chief Financial Officer