



ASX Announcement : 10 November 2015

Company update



In this Open Briefing , Executive Chairman & CEO Gary Cohen will discuss:

- **Invigor's proposed acquisition of Condat AG**
- **Recent board and management changes**
- **Company outlook**

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Invigor Group Limited (ASX: IVO) announced on 15 October 2015 that it proposed to acquire German smart media specialist firm Condat AG for \$4.5m, subject to shareholder approval. The company will convene an Extraordinary General Meeting on 1 December 2015 to allow shareholders to vote on the acquisition, as well as other items of business. Why is it a good move for Invigor?

Executive Chairman Gary Cohen

Our proposed acquisition of Condat AG has the potential to be very exciting for Invigor as it would allow us to significantly strengthen our offering, particularly for the Insights Visitor platform. Condat is a smart media and mobility solutions provider that has developed intellectual property (IP) that complements Insights Visitor and would allow us to provide an end-to-end big data solution with targeted content as well as demonstrate significant cost synergies.

Condat has a projected revenue of at least \$7.0m for 2016¹ with an operating EBITDA of approximately 15%. Given that Condat is a well-established Berlin-based company with clients that include Germany's major public broadcasters and key private outlets, the acquisition of Condat would also provide Invigor with a springboard to European markets, giving us a massive opportunity for potential growth of our Insights range. There are significant cost synergies available through the proposed acquisition, allowing Invigor to develop its business plan at minimal additional cost using the valuable knowledge and tech savvy prowess that Condat offers. Further, the acquisition would be earnings accretive.

¹ Based on information provided by Condat.

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What are the terms of the acquisition?

Executive Chairman Gary Cohen

Invigor proposes to acquire all issued shares in Condat, with \$2.25m payable in cash on terms and the remainder in IVO scrip at 8.5c per share. The consideration is subject to adjustment for Condat's net tangible assets at 31 October 2015 with any adjustment impacting the number of shares to be issued. Invigor will pay \$500,000 cash on completion, subject to shareholder approval, with the

balance of \$1.75m deferred until December 2016 subject to any holdback of up to \$800,000 for any warranty claims which may arise. The shares will be issued and placed in escrow for up to 18 months with a progressive release commencing after 12 months. We believe these terms are excellent and beneficial to all shareholders. The proposed acquisition represents a very exciting opportunity for Invigor to grow and develop its business.

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There has been a number of changes to the Invigor Board in recent weeks including the resignation of Managing Director Gary Munitz, can you provide some background regarding this?

Executive Chairman Gary Cohen

Gary Munitz had been with Invigor since July 2014 following the acquisition of his company, Global Group. Gary's role was initially Head of Product before being appointed Managing Director in July this year, reporting to me as Executive Chairman. Since his appointment we have rolled out our Insights and Shopping Ninja product suites and are now heavily focused on the sales and marketing of these. My strong view was we needed to invest further in building up the sales and marketing of our products and this required a different skill set.

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How do you envisage his departure affecting the business?

Executive Chairman Gary Cohen

We don't believe Gary's resignation will have a material impact.

On the product side we have established a very capable team in Sydney, Melbourne and India who are fully committed to delivering a world class solution. Shortly, we will have the resources of the team in Germany who have a strong R&D centre of excellence based in Berlin.

We have started a recruitment process to bring in a strong technical lead which we will appoint in due course.

On sales and revenue we have a team in Sydney that are currently focused on converting the existing pipeline of customers and we have every confidence that they will be successful in doing that.

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Two directors also departed recently, can you explain more about this?

Executive Chairman Gary Cohen

I am bound by confidentiality and restricted in what can be communicated. What I can say is the current Board is focused on delivering shareholder value and we feel the decisions made that led to these directors leaving the company were consistent with that objective.

We have appointed Anthony Sherlock as an independent director, and he has an impressive background as a director of public companies. We will look to further refresh our Board with the right mix of skills, in particular information technology and business.

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What is Invigor's strategy for moving forward and how can you demonstrate shareholder value?

Executive Chairman Gary Cohen

The market wants to see that the management changes have not affected our plans which were outlined at the recent TechKnow Conference. In particular they want to understand that our sales and revenue targets are on track and not materially altered.

In respect of our sales of Insights solutions they are continuing to show strong growth. We have signed a number of major clients in recent months, including international brands, with more than 35 customers using or trialing our products at the end of the September quarter compared to just three customers at the same time in the previous quarter. This includes a recently signed major consumer appliances retailer to use the Insights Retail platform and in addition we are currently working on closing a number of major brands and retailers before Christmas. These expected new clients will underpin the growth in recurring revenue we spoke about at the TechKnow conference, where we said that we expected recurring revenue for Insights Retail to be around \$1m by the end of March 2016.

On Insights Visitor we have made some solid progress. We have a number of deployments at the Sunshine Coast Council. We have since been in discussions with several other Councils for a similar solution. Further, we are seeing significant engagement with some major venue operators and are quietly confident that some of these will materialise into sales in the coming weeks.

In addition, just this week we have launched the iOS version of our Shopping Ninja app. We are very excited about this as it will make the product available to many more users on a range of mobile devices. Technical advancements have been implemented since its launch in May, providing users with better performance. Shopping Ninja has now been downloaded by more than 11,000 users and we've had more than 70,000 visitors to the website since its launch in May this year. We expect to further improve on these figures as we concentrate on sales and marketing opportunities.

Finally, we believe that Condat will also deliver some material opportunities for revenue growth in the near term. We expect to be able to update the market about that shortly.

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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.

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