

24 January 2022

ASX Announcement

Appendix 4C December, Strategy Update and Quarterly Activities Report October - December 2021

Invigor Group Limited (ASX: IVO) ("Invigor" or "the Company"), has released its Quarterly Activities Report for the period of 1 October to 31 December 2021, together with the Appendix 4C for December 2021 and for the full FY 2021 as of December 31, 2021

Approved and authorised for release by the Board

For further information, please contact:

Rohan Dhowan
CEO
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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 October-December 2021 and Strategy Update - January 2022**Key Highlights****Operations**

- Full year SaaS cash receipts up 55% YoY.
- Renewals were 90% for the year.
- Invigor signs a partnership with leading online marketplace platform provider Marketplacer.

Capital Management

- Successful capital raise with current subscriptions estimated at \$9.0m
- Planned General Meeting to approve the capital raise and \$16.7 million of debt being converted to equity or repaid
- ICM Limited and their associates to become a 19.0% shareholder

Strategy

In accordance with our strategy laid out in the half yearly announcement made to the ASX on the 31st of August, Invigor continues to capitalize on the accelerated consumer and retailer shift to online. The investment in our technology and our sales strategy will focus on the following to achieve:

- High growth in data analytics as brands seek improved Direct to Consumer (D2C) understanding;
- Growth in revenue from brands and other businesses resulting from the opportunity of partnering with marketplaces;
- Diversification and migration from liquor and electronics into other large categories such as office supplies, health and beauty and FMCG;
- Low risk expansion into international markets with our existing multinational clients.

Sales Focus

- In Q4 2021, Invigor invested in sales resources and added a Business Development Director to lead the growing sales team and double down on new business acquisition;
- New business acquisition was slower than expected in 2021, however the team is confident with the effects of Covid and the capital re-structure behind us, we will now have the bandwidth and focus to push new sales forward;
- Invigor continues to have a very strong share of liquor brands in our portfolio, with many untapped international brands still in the pipeline, along with the ever-growing list of new e-commerce channels entering the Australian market;
- The consumer electronics category continues to be a significant focus as a growth area with numerous international brands, local omni channel and pure play retailers, some of which are in the final stages of negotiations;
- In line with recent online buying trends, and our 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;
- Whilst an organic growth strategy is our number one priority, the leadership team have also turned their attention to strategic conversations with complementary businesses that will help accelerate revenue and client opportunities for Invigor on a much larger scale;
- The new partnership with the Melbourne-based company Marketplacer, is in line with the above strategy. Marketplacer counts the likes of Woolworths, Myer and Surfstitch as customers and experienced rapid growth thanks to the pandemic-driven digitisation surge among established retailers.
- Invigor also continues to work closely with Quicklizard (TASE:QLRD) to further enhance its pricing insights tool into dynamic pricing for retails powered by AI. B2C brands can manage and monitor multi-channel pricing strategy, gain important insights on consumer behaviour in each channel to determine value and optimize price with AI;
- Further we continue to expand and invest in our technology with the launch of Invigor On-Premise Insights; which addresses a large data gap by ingesting Point of Sale (POS) transactions from more than 1000 venues to deliver Share of Voice (SOV)V insights, individual product consumption data and basket compositions, to optimise on-premise strategy for liquor brands.

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.
- The completion of the capital raise has sparked strategic partnership discussions with complementary providers, opening opportunities especially with marketplaces.
- The company has maintained its expenditure at the same level as per the previous quarter.

Payments to Directors and Related Parties

During the quarter, total payments to Directors and related parties included in operating cash flows were \$266,000 which included:

- Reimbursement payments under cost sharing arrangements for rent, electricity, and IT support to Marcel Equity Pty Ltd (entity associated with Gary Cohen and Gregory Cohen) of \$147,000.
- Monthly salaries and fees and expense reimbursements to Executive and Non-Executive Directors of \$119,000.

Innovation

The development of new vertical markets for the Pricing Insight solution is continuing with a launch target date in Q1. Expenditure on these initiatives in the quarter amounted to \$105,000.

CEO Commentary

2021 was a pivotal year for Invigor as our customers continued to face the challenges brought on by Delta and Omicron whilst we continue to see benefits from the shift by the consumer to move to purchase online.

Retailers worldwide faced supply shortages, and brands/manufacturers faced an equally challenging materials shortages prioritizing operational efficiencies, delaying decision making by potential new customers. Existing customers however, increased

their subscription value anywhere from 4% to 30% compared with 2021, as the value for brand and retailers to have access to sophisticated, deep and accurate pricing and promotional analytics continues to grow.

We are also excited with the recently signed partnership agreement with Marketplacer. Not only does this opportunity allow Invigor to better serve Marketplacer customers and add value to its platform, it helps strengthen Invigor's core offerings.

With growing revenue, a portfolio of loyal international blue chip name brands on the books, new partnerships, a restructured leadership team, the pending restructuring of the balance sheet and a growing pipeline, Invigor possesses all the right ingredients to make 2022 a year of solid revenue growth, as we look forward to reporting more wins in the coming months.

Capital Raise and Balance Sheet Restructure

After a successful capital raise conducted in Q4 2021, the shareholder meeting held on January 21 approved the restructuring and the issue of new shares.

We expect the settlement and the restructure to occur on or before January 31, following which a formal resumption of trading request will be submitted to the ASX.

On completion of the raise and the restructure, ICM Limited, a large diversified international investment fund, will be a major shareholder in the Company.

Approved and authorised for release by the Board

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Appendix 4C

Monthly report for entities subject to Listing rule 4.7B

Name of entity

Invigor Group Limited

ABN

75 081 368 274

Month ended ("current month")

31 December 2021

Consolidated statement of cash flows		Current month	Year to date (12 months)
		\$A'000	\$A'000
Cash flows from operating activities			
1.1	Receipts from customers	155	1,504
1.2	Payments for	-	-
	(a) research and development	-	-
	(b) product manufacturing and operating costs (including new product innovation costs)	(38)	(345)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs (including taxes and superannuation payments)	(201)	(1,370)
	(f) administration and corporate costs	(145)	(1,449)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(68)	(337)
1.6	Income taxes paid (refund received)	-	-
1.7	Government grants and tax incentives	-	90
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(297)	(1,907)
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	67	1,253
	(b) businesses	-	-
	(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)
2.4	Dividends Received	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	67	1,253
Cash flows from financing activities			
3.1	Proceeds from issues of equity securities	-	-
3.2	Proceeds from issue of convertible debt securities	-	632
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction Costs related to issues of equity securities or convertible debt securities	-	(79)
3.5	Proceeds from borrowings from Director related parties	-	384
3.6	Repayment of borrowings from Director related parties	-	(42)
3.7	Transaction Costs related to loans and borrowings	(87)	(117)
3.8	Dividends paid	-	-
3.9	Other - Proceeds from Borrowings	1,301	1,836
3.9	Other - Repayment of Borrowings	(935)	(2,001)
3.10	Net cash from / (used in) financing activities	279	614
4 Net increase (decrease) in cash and cash equivalents for the period		Current month	Year to date
		\$A'000	(12 months)
			\$A'000

4.1	Cash and cash equivalents at beginning of month/year to date	(97)	(8)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(297)	(1,907)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	67	1,253
4.4	Net cash from / (used in) financing activities (item 3.10 above)	279	614
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(48)	(48)

5	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current month \$A'000	Previous month \$A'000
5.1	Bank balances	49	0
5.2	Call deposits	-	-
5.3	Bank overdraft	(97)	(97)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of month (item 4.6)	(48)	(97)

6	Payments to related parties of the entity and their associates	Current month \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	145
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

6.3	Explanation necessary to understand the transactions included in items 6.1 and 6.2: Includes: 1. Payments to related parties under cost sharing arrangements for office rent and electricity 2. Payments to Directors for monthly fees and expense reimbursements 3. Payments to related parties for consultancy services provided
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7	Financing facilities	Total facility amount at month end \$A'000	Amount drawn at month end \$A'000
7.1	Loan facilities	12,426	12,374
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	12,426	12,374
7.5	Unused financing facilities available at month end (excluded from the total facility amount, and unused financing facilities at October month end is the facility with Marcel Equity Pty Ltd, refer to item 7.6 for further details)	52	

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 month end, include details of those facilities as well.
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National Australia Bank - 10.3% p.a. Interest Bearing, revolving, AUD 100,000 Secured Overdraft Facility
Marcel Equity Pty Ltd (entity associated with Gary Cohen and Gregory Cohen) - 15% p.a. Interest Bearing AUD 7,500,000 Unsecured Facility, maturity 31 December 2021.

At October month end, the unused amount of the financing facility with Marcel Equity was not available for drawdown, and has been removed from the calculation of unused facilities calculation. The use of the undrawn facility is subject to the terms of the facility which provides Marcel Equity the discretion to approve each drawdown notice.

Gary Cohen - 16% p.a. Interest Bearing AUD 1,000,000 Secured Loan, repayable on demand

Partners For Growth IV, L.P. - 16% p.a. Interest Bearing AUD 217,000 Secured Loan, repayable on demand

Glowaim Pty Limited - 20% p.a. Interest Bearing AUD 1,400,000 Secured Loan, principal repayable on approval and settlement of the capital raise by January 31, 2022, with accrued interest repayable by 15 January 2023.

John Hayson - 3% p.m. Interest Bearing AUD 500,000 Unsecured Loan, repayable on demand

Other short-term loans - 15% p.a. interest, AUD 177,000 Unsecured Loans, repayable on demand

Other short-term loans - 15% p.a. interest, AUD 761,000 Secured Loans, repayable on settlement of the capital raise by January 31, 2022

Sophisticated investor - 17% p.a. interest, AUD 1,000,000 Convertible Note facility, repayable on demand

Sophisticated investors - 15% p.a. interest, AUD 632,000 Convertible Note facilities, repayable March, May, June and August 2022

Sophisticated investor - 20% p.a. interest, AUD 233,333 Unsecured Facility, repayable on demand

Sophisticated Investor -10% p.a interest, AUD 100,000 Unsecured Loan, repayable on earlier of settlement capital raise or February 22, 2022

Sophisticated Investor -Nil interest, AUD 200,000 Unsecured Loan, repayable on settlement capital raise in January 2022.

Finarch Holdings Pty Limited - 25% p.a. interest, AUD 1,237,000 Secured Loan, redraw, repayable on earlier of settlement capital raise or March 24, 2022

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(297)
8.2	Cash and cash equivalents at month end (item 4.6)	(48)
8.3	Unused finance facilities available at month end (item 7.5), see further detail under Marcel Equity facility in item 7.6	52
8.4	Total available funding (item 8.2 + item 8.3)	5
8.5	Estimated months of funding available (item 8.4 divided by item 8.1)	0.0

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?

The Company expects it may continue to have negative operating cash flow for the next few months, however it continues to see a significant improvement in new customer orders which are now being finalised and will result in improved operational cashflow in next few months.

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?

The Company has made significant progress. The Company has successfully finalised a capital raising of approximately \$9.0m and is finalising for settlement a \$10.97m debt restructuring and new equity issue which have been approved by shareholders at the General Meeting held on January 21, 2022. Settlement is expected on or before January 28.

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?

Yes. In addition to the above, the Company has continued to collect the amortising promissory note installments from the sale of Tillerstack GmbH. Monthly instalments have been received since February 2021. The planned balance sheet restructuring will eliminate approx \$16.7m of liabilities and result in improved working capital and allow the company to support the growth in future revenue opportunities.

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.

Date: 24 January 2022

Authorised by: The Board



Gregory Cohen, Director