



## ASX Announcement

2 September 2019

### Invigor Reports Half Year Results and Planned Balance Sheet Repair

**Invigor Group Limited** (ASX:IVO) (“Invigor” or “the Company”) provides this financial and operational update for the half year ending 30 June 2019 and is pleased to report on a planned major restructure of the Company’s balance sheet and cost base which will result in Invigor becoming largely debt free and well-placed to grow its operations in Australia and Asia.

#### **HY financial performance**

The company reported operating earnings before interest tax, depreciation, amortisation and interest (EBITDAI) of a \$1.6 million loss for the half (PCP: \$1.2 million loss) from revenue of \$2.34 million (PCP: \$1.81 million). The Company has made the decision to write off all intangibles and goodwill and cease the capitalisation of R&D resulting in a \$6.6m charge. Significant financing charges of \$550,000 also add to the loss. As a result, the net loss after tax of the Consolidated Entity for the half was \$8.9 million (PCP: \$3.6 million loss), including discontinued operations.

#### **Balance sheet repair initiated**

The Company is now undertaking a number of initiatives that will repair the balance sheet to eliminate most of the Company’s debt. This will extinguish most of the financing charges and interest payments and restore equity value to all shareholders. The proposal is to remove over \$7.5 million of total forecasted outstanding debt of approximately \$8.5 million.

#### **Cost base greatly reduced**

The Company has further reduced its cost base with over \$1.8 million of annualised costs removed in the last 3 months. The cost reductions will not impact Invigor’s revenue-generating capabilities.

#### **Solid operational progress provides a strong platform for growth**

The Company has been growing its core activities with a major new contract for its Pricing Solutions technology platform with the Good Guys. The planned rollout of the Shopper Insights solution to a major Australian liquor retailer was further evidence of Invigor’s core technology providing tangible commercial benefits to highly recognised brands and retailers. The use of data to connect brands to consumers has also been a major focus and discussions are progressing with several major groups.

During the half Invigor has been working on increasing advertising effectiveness with its partner Adfreeway with a new product currently in the final stages of piloting at two major sites across Sydney, Manly Wharf and Circular Quay. There is great potential to also work with our major brands to assist them in their advertising campaigns.

The WeChat Pay business in Asia, created late last year, which the Company is building in partnership with Winning Group, has been growing at a pleasing rate with over 40 merchants now signed up to the WeChat Pay platform, predominantly in Singapore. In addition, major specialty fashion group Club 21 has joined the program in Singapore for 50 stores and is readying to go live in the very near term.

This year, the Company embarked on its Smart Farm Asia and WeWine strategy as part of its plan to leverage its WeChat Pay platform and core Loyalty technology to create a fully integrated market place for Australian farm products and wine in Asia, particularly China. As well, the platform is also applicable for local and inbound Chinese tourists. This business is still in its infancy but gaining significant and very

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promising traction. Invigor is now actively assessing ways to scale this opportunity through complementary mergers or acquisitions that will not incur further debt or other liabilities to the Company.

The TillerStack operation in Berlin continues to perform well and has in the past month signed a major new contract that has the potential to more than double TillerStack's revenue. The Company will continue to explore strategic options for this business.

#### **Commentary**

**Invigor's CEO, Gary Cohen said:** *"This half we have taken the opportunity to write off all intangibles and goodwill, significantly reduce our cost base and put in place concrete plans to repair our balance sheet so we can pursue complementary growth opportunities. This has been a key requirement from potential partners with which we have been engaging and we are responding accordingly. We expect to update shareholders with specifics around the planned debt reduction in the coming weeks."*

*"There is considerable interest in our technology and the operations we have established in Australia and more recently Asia, and we are going to capitalise on this investment for the benefit of all shareholders."*

-ENDS-

#### **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.

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