

ASX Announcement

31 August 2016

Invigor well placed after good revenue growth for the first half

- **HY revenue solid at \$4.55 million**
- **\$2.6 million net loss includes \$1.2 million of impairments relating to discontinued activities**
- **Over \$1.0 million invested in IVO's product suite in the half**
- **Disposal of non-core assets**
- **Second half performance expected to be stronger**
- **Strategic partnership discussions commenced**
- **Expected funding and cash flow to meet upcoming convertible note redemption and deferred acquisition payment.**

Invigor Group Limited (ASX: IVO) ("Invigor") is pleased to report its financial and operational results for the six months ended 30 June 2016.

Revenue was solid at \$4.55 million, and reflects a pleasing contribution from the Condat business, and the revenue contribution from new contracts secured for Insights Retail and Visitor.

Invigor recorded a net loss for the half of \$2.6 million after \$1.2 million of impairments relating to discontinued activities, being the write off of the KIT digital receivable and MViD investment, and after strengthening its operations and team. As a result, the Company enters the second half in a much stronger position to drive growth across all operating divisions.

Half year highlights

Invigor made significant progress during the half including:

- Securing over \$900,000 worth of new contracts with Condat's customers, including a major new contract outside Germany with Ericsson in the United Kingdom and ZDF in Germany.
- Signing a three-year \$450,000 contract with The Good Guys for Insights Retail.
- Securing a contract with Treasury Wines for the use of Insights Retail.
- The launch of SpotLite, a self-service platform for pricing across most verticals and geographies which will be made available from October and will generate a significant new revenue stream – www.spotlite.com.au.
- The launch of a new and updated version of Shopping Ninja including daily hot deals functionality – www.shoppingninja.com.au
- Significant progress strengthening Invigor's sales and marketing capability and good growth in the pipeline across all divisions.

Disposal of Non-Core Assets

During the first half, the Company disposed of its non-core services business that was part of the Global Group acquisition. Invigor also received \$725,000 associated with the Chapter 11 administration of KIT digital. Following receipt of these funds, and given it is now not anticipated to receive any further material distribution, the Company has decided to write off the remaining \$425,000 due.

The Company has an investment in the MViD Group. A number of proposals to acquire this asset have been received, including a binding Heads of Agreement where the Company received \$100,000 as part consideration. As a result of non-performance, the Company elected to acquire the patent rights associated with the verification of identity using smartphone technology (“Patent”) in part payment for reduction of amounts owed. Furthermore, the Company has accepted an offer for associated rights for \$300,000 (to be taken in shares in an upcoming IPO) in respect of the non-performance of its previous agreement. The Company also expects to receive a distribution of over \$400,000 from a Deed of Company Arrangement of MViD Group.

Whilst Invigor believes the Patent is valuable, it must now be treated as a separate asset from the MViD Group, and accordingly, the Company has elected to write down the remaining value of the MViD Group by \$753,000. The Company is now in discussions to realise value from the Patent.

Cash

Operating cash flow for the half was negative \$3.6m due primarily to the significant investments in product development, operations, and investing in its team to drive future growth.

Invigor successfully raised \$1.4 million at 4.0 cents, and received approximately \$830,000 from the disposal of non-core assets. A further \$1 million at 3.0 cents was raised in July.

Management Commentary

Invigor’s Chairman and CEO Gary Cohen commented: “The first half has been one of significant progress for Invigor and we have invested heavily in our products, technology, and our people so we have a stronger platform to deliver growth in the second half and beyond.

“Key achievements include the solid performance by Condat which is building its revenue base and pipeline of new contracts. The business is performing very well as part of Invigor and has excellent organic growth prospects.

“The Insights division has also been successful in securing new contracts wins with well recognised and respected Australian companies. These contracts provide an excellent endorsement for the Insights business, and validate the uniqueness of the technology. They have also facilitated the growth in new opportunities for Insights, and we expect these to translate to revenue generating contracts during the second half.

Outlook

Invigor has entered the second half in a strong position. While Invigor continues to invest in its products and services, the Company is confident it has turned the corner with major sales and growth opportunities now materialising.

A key focus is on broadening revenue streams beyond the current subscription fee model from data analytics services, to include advertising revenue from initiatives such as the recently announced Manly Wharf Joint Venture (JV). This is a major step forward for Invigor and is a forerunner for projects of a similar nature.

The Company is also assessing several potential strategic partnerships that could be transformational for Invigor.

This half Invigor expects that it will have sufficient funds to manage the redemption of \$1.7m of convertible notes and the remaining \$950,000 for the acquisition of Condat. As such, the Board is comfortable with Invigor's current funding capabilities and does not intend this half to go back to shareholders to fund the growth of its existing operations.

Gary Cohen added: "The hard work establishing our products and services and achieving market acceptance has been completed. We have a growing and strong pipeline of opportunities for both Insights Retail and Visitor. We also expect to generate meaningful revenue from our JV with Manly Wharf later in the half. SpotLite will be released in October, and we expect that this will make a meaningful contribution in FY17. The income from Shopping Ninja is also expected to improve meaningfully during this half.

"Invigor is now poised for solid growth and we look forward to updating shareholders on some pending contract wins and progress around our strategic partnership negotiations."

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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.