

Appendix 4D

Half Yearly Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Half Year Ended	31 December 2021
Previous Corresponding Reporting Period	31 December 2020

Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	5,345,147	18.4%
Loss from continuing operations after tax attributable to members	(450,088)	(309.1%)
Net loss for the period attributable to members	(450,088)	(309.1%)
Dividends (distributions)	Amount per security)	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable.	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer to the Directors report.		

The half-yearly report is to be read in conjunction with the most recent annual financial report.

Directors have not recommended payment of an interim dividend.

NTA Backing

	Current Period	Previous corresponding period
Net liabilities backing per ordinary security	(0.6) cents	(0.6) cents

Control Gained Over Entities Having Material Effect



Name of entity	
Date control gained	
Profit from continuing operations since the date in the current period on which control was acquired	
(Loss) from continuing operations of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Audit/Review Status

This report is based on accounts to which one of the following applies:(Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
Not Applicable			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Consolidated Financial Report

Signed By	
	
<i>Chairman Tony Noun</i>	<i>Managing Director Anthony Mankarios</i>
Dated this 28 th day of February 2022	

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**INVENTIS LIMITED
AND ITS CONTROLLED ENTITIES
ABN 40 084 068 673**

31 DECEMBER 2021

INTERIM CONSOLIDATED FINANCIAL REPORT

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DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial report for the six months ended 31 December 2021 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period were:

- Tony Noun (Chairman)
- Anthony Mankarios (Managing Director)
- Peter Bobbin Non- Executive Director
- Alfred Kobylanski (Alternate Director)

Review of Operations

Inventis Limited during the half year ending 31 December 2021, which was a most challenging Covid 19 lockdown period, still managed to increase Revenue by 18.4% over the same period the previous year.

All business units performed well in general, despite experiencing Covid lockdown delays.

The Furniture Division

The Companies within our Furniture Division, which coordinate larger commercial installations, were affected adversely as they absorbed procurement and management costs.

The Furniture Division was unable to finalise delivery and installations across affected sites. The overall business did not incur significant down-turn in sales and certainly not enough to qualify for the same level of Government support as compared to last year. The order books currently indicate a stronger invoicing period in the second half.

Gregory increased sales by 34% Year-on-Year and Operational EBITDA (excluding government support) is up by 963%.

We received significant orders of more than \$5M in total. However, we were unable to invoice these in the period to 31 December 2021 due to Covid related client site shutdowns. As a result of that, the remainder of the Furniture Division (which includes Bassett Furniture, Workstations and the 49% associate Winya) posted decreases in invoiced sales in the vicinity of 7-8% resulting in a lower head-line number EBITDA.

The Furniture Division pipeline is currently in excess of \$47million.

The Technology Division

Inventis Technology and Opentec increased sales by 263% overall during the six-month period to 31 December 2021. Importantly, Operational EBITDA improved by 21% over the same period last year.

The Technology Division Pipeline currently exceeds \$79 Million. This is viewed as a strong result in the face of Covid 19 limitations on travel and reflects the strategy to maintain and build up business opportunities during and despite these limitations.

With overseas travel restrictions easing the Senior Management team will resume travel and talks with large multinationals and Government opportunities.

Corporate

The Group strengthened the balance sheet by raising \$2.7 million and improved net equity by 96% year-on-year. Overall, the Group managed to reduce operational expenditure by 7% year-on-year.

Inventis Statutory	1H22	1H21	Variance
Revenue	5,345,148	4,515,229	18%
EBITDA*	249,516	751,699	-67%
Depreciation/ Amortisatic	(335,751)	(370,208)	-9%
Operating expenses	(2,335,987)	(2,512,179)	-7%
Grants	415,890	1,109,405	-63%
EBITDA L4L Comp	943,031	751,699	25%
Interest net	(364,565)	(380,760)	4%
NPAT	(450,088)	1,456	N/A

Inventis FY 21 Balance Sheet	2021	2020	Variance
	\$000's	\$000's	
Long term debt	4,536	5,621	-19%
Total Assets	11,245	10,437	32%
Cash and cash equivalents	578	534	8.2%
NTA cents Per share	(0.60)	(0.60)	0.0%
	Jun-21	Jun-20	
Unrecognised tax asset	4,191	4,737	
Available franking credits	1,539	1,539	

Events Subsequent to Reporting Date

Inventis Technology has signed an exclusive Heads of Agreement subject to ongoing Due Diligence to acquire the business and assets of Electronic Circuit Designs Pty Ltd. www.ecd.com.au

The business acquisition is expected to fit in well with our existing Technology business offering synergies with circuit board designs, manufacturing, application, and supply of technology.

The acquisition valuation cost is based on a three (3x) adjusted EBITDA basis, to also include net working capital. Additionally, the acquisition includes a property with a book value of \$2.1 million.

Payments will be arranged in accordance with Company objectives. We anticipate the synergies, and the acquisition will yield extra net cashflow of over \$1 million before funding cost.

The company also issued 360,000 ordinary shares to eligible staff as a bonus on the 17 January 2022.

The Company has a debt facility which was due to be repaid on the 1 July 22 and has been classified as a current liability as of 31 December 2021. After the reporting date the Company has received confirmation that lender will extend the debt facility to 1 July 2023 and is therefore, able to be classified as a long-term debt. The effect of this reclassification is a reduction of current liabilities to \$5,905,571, net current assets become \$117,339 and long-term liabilities increase to \$5,396,419.

Apart from the above there has not arisen in the interval between the end of the half year ended 31 December 2021 and the date of this report any item, transaction or event of a material nature and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group, in future financial years.

Dividends

The Directors do not recommend the payment of a dividend.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included following the director's report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Tony Noun
Chairman

SYDNEY, on this 28th day of February 2022.

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF INVENTIS LIMITED

As lead auditor for the review of Inventis Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Inventis Limited and the entities it controlled during the period.



Ryan Pollett
Director

BDO Audit Pty Ltd

Sydney, 28 February 2022

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Inventis Limited
Consolidated Statement of Financial Position
As at 31 December 2021

	Note	31 Dec 2021	30 Jun 2021
Assets			
Cash and cash equivalents		577,482	757,948
Trade and other receivables		2,609,312	3,168,670
Inventories		2,735,316	2,287,764
Prepayments		100,800	-
Total current assets		<u>6,022,910</u>	<u>6,214,382</u>
Non-current assets			
Property, plant and equipment		157,794	152,277
Right of use assets		1,372,286	1,665,173
Investments accounted for using the equity method		242,018	240,185
Other financial assets		56,756	67,094
Intangible assets		3,393,320	3,395,779
Total non-current assets		<u>5,222,174</u>	<u>5,520,508</u>
Total Assets		<u>11,245,084</u>	<u>11,734,890</u>
Liabilities			
Trade and other payables		2,167,970	3,076,697
Interest-bearing liabilities	7	5,917,411	1,093,077
Current lease Liability	7	825,962	751,041
Employee benefits		1,069,720	944,070
Unearned income		461,169	463,707
Provision for income tax		-	1,994
Total current liabilities		<u>10,442,232</u>	<u>6,330,586</u>
Non-current liabilities			
Interest-bearing liabilities	7	-	5,595,000
Lease Liability	7	800,062	1,103,369
Employee benefits		59,696	60,259
Total non-current liabilities		<u>859,758</u>	<u>6,758,628</u>
Total liabilities		<u>11,301,990</u>	<u>13,089,214</u>
Net liabilities		<u>(59,906)</u>	<u>(1,354,324)</u>
Equity			
Share capital		37,181,242	35,521,545
Reserves		(990,480)	(1,078,290)
Accumulated losses		(36,247,668)	(35,797,579)
Total equity		<u>(59,906)</u>	<u>(1,354,324)</u>

The notes on pages 8 to 16 are an integral part of this interim financial report

Inventis Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2021

	Note	31 Dec 2021	31 Dec 2020
Continuing Operations			
Revenue		5,345,147	4,515,229
Cost of Sales		(3,229,711)	(2,509,594)
Gross Profit		2,115,436	2,005,635
Other income	4	477,301	1,179,976
Share of profits of associates accounted for using the equity method		1,833	62,820
Expenses			
Manufacturing and operations		(657,574)	(862,225)
Engineering and quality assurance		(70,622)	(73,682)
Administration		(1,145,577)	(1,005,395)
Sales and marketing		(828,836)	(952,662)
Results from operating activities		(108,039)	354,467
Finance Income		712	16,172
Finance expense		(342,761)	(369,183)
Net Finance expense		(342,049)	(353,011)
(Loss) / profit before income tax		(450,088)	1,456
Income tax benefit		-	-
(Loss) / profit for the period		(450,088)	1,456
Other Comprehensive income			
Foreign currency translation differences for foreign operations		193	62
Other comprehensive income for the period, net of income tax		193	62
Total comprehensive (Loss) / profit for the period		(449,895)	1,518
Loss per share		Cents	Cents
Basic (loss) / profit per share		(0.73)	0.0
Diluted (loss) / profit per share		(0.73)	0.0
Continuing operations			
Basic (loss) / profit per share		(0.73)	0.0
Diluted (loss) / profit per share		(0.73)	0.0

The notes on pages 8 to 16 are an integral part of this interim financial report

Inventis Limited
Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2021

	Issued Capital	Reserve	Accumulated Losses	Total Equity
Balance As at 1 July 2020	34,515,293	(1,078,221)	(35,874,373)	(2,437,301)
Total comprehensive income for the period				
Income for the period	-	-	1,456	1,456
Other comprehensive income				
Foreign currency translation differences for foreign operations	-	62	-	62
Total other comprehensive income for the period	-	62	-	62
Total comprehensive (loss) for the period	-	62	1,456	1,518
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Issue of Ordinary shares	50,000	-	-	50,000
Total Contributions by and distributions to owners	50,000	-	-	50,000
Total Transactions with owners recorded directly in equity	-	-	-	-
- Other	-	1	(1)	-
Balance as at 31 December 2020	34,565,293	(1,078,158)	(35,872,918)	(2,385,783)
Balance As at 1 July 2021	35,521,545	(1,078,290)	(35,797,579)	(1,354,324)
Total comprehensive income for the period				
(Loss) for the period	-	-	(450,088)	(450,088)
Other comprehensive income				
Foreign currency translation differences for foreign operations	-	193	-	193
Total other comprehensive income for the period	-	193	-	193
Total comprehensive (loss) for the period	-	193	(450,088)	(449,895)
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Issue of Ordinary shares	1,753,699	-	-	1,753,699
Share Issue expense	(94,003)	-	-	(94,003)
Share based payments	-	87,618	-	87,618
Total Contributions by and distributions to owners	1,659,696	-	-	1,659,696
Total Transactions with owners recorded directly in equity	-	-	-	-
- Other	1	(1)	(1)	(1)
Balance as at 31 December 2021	37,181,242	(990,480)	(36,247,668)	(59,906)

The notes on pages 8 to 16 are an integral part of this interim financial report

Inventis Limited
Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2021

	31 Dec 2021	31 Dec 2020
Cash flows from operating activities		
Receipts from customers	5,973,000	5,691,896
Receipts from Government Grants	430,000	920,100
Payments to suppliers and employees	<u>(6,849,804)</u>	<u>(6,199,212)</u>
Cash (used in) / generated from operations	(446,804)	412,784
Interest received	712	725
Interest paid	<u>(380,760)</u>	<u>(369,183)</u>
Net cash (used in) / from operating activities	<u>(826,852)</u>	<u>44,326</u>
Cash flows from investing activities		
Purchase of fixed assets	(14,256)	(9,073)
Proceeds from the realisation of other non-current assets	-	19,500
Net cash (used in) / generated from investing activities	<u>(14,256)</u>	<u>10,427</u>
Cash flows from financing activities		
Net Proceeds from rights offer	1,659,696	-
Proceeds from borrowings	997,598	342,200
Repayment of borrowings	(1,749,627)	(207,684)
Payment of lease liabilities	<u>(250,025)</u>	<u>(212,678)</u>
Net cash generated from / (used in) financing activities	<u>660,642</u>	<u>(78,162)</u>
Net decrease in cash and cash equivalents	(180,466)	(23,409)
Cash and cash equivalents at 1 July	<u>757,948</u>	<u>556,937</u>
Cash and cash equivalents at 31 December	<u>577,482</u>	<u>533,528</u>

The notes on pages 8 to 16 are an integral part of this interim financial report

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INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

Note 1: Reporting Entity

Inventis Limited (the "Company") is a company domiciled in Australia and incorporated in Australia. The address of the Company's registered office is Unit 4 Southridge Estate, 2 Southridge Street, Eastern Creek, NSW, 2766. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report for the Group, as at and for the year ended 30 June 2021 is available upon request from the Company's registered office or at www.inventis.com.au

Note 2: Basis of Preparation

a. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2021 and any public announcements made by Inventis Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Board of Directors on 28th February 2022.

b. Basis of measurement

The interim financial report has been prepared on the historical cost basis, except financial assets and liabilities which are recognised initially at fair value.

c. Functional and presentation currency

This interim financial report is presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

Note 3: Significant Accounting Policies

- The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2021.

- Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2021.

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet effective have not been adopted.

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

Note 4: Operating Segments

The Group comprises the following main business segments:

- > **Furniture Division.** The design, manufacture and sale of a range of commercial furniture, which includes office chairs, tables, lounges, and workstations.
- > **Technology Division.** The design and manufacture of custom control and market ready electronic systems, mobile computing solutions and emergency vehicle control systems.

A corporate head office function provides the Group with finance, human resources and IT services; however, this corporate function does not satisfy the requirements for disclosure as a reportable segment.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment profit before income tax. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment. Inter-segment pricing is determined on an arm's length basis.

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

NOTE 4: Operating Segments continued

	Furniture Division		Technology Division		Segment Total		Other		Consolidated	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Total revenue	3,621,309	3,915,575	1,864,224	692,980	5,485,533	4,608,555	-	-	5,485,533	4,608,555
Inter-segment revenue	(140,386)	93,327	-	-	(140,386)	93,327	-	-	(140,386)	93,327
Total external revenue	3,480,923	4,008,902	1,864,224	692,980	5,345,147	4,701,882	-	-	5,345,147	4,701,882
Earnings before shared services	647,695	386,758	141,097	78,015	788,792	464,773	(539,277)	286,926	249,515	751,699
Share services cost allocations	(670,912)	(279,362)	(204,234)	(129,686)	(875,146)	(409,048)	875,146	409,048	-	-
EBITDA	(23,217)	107,396	(63,137)	(51,671)	(86,354)	55,725	335,869	695,974	249,515	751,699
Interest revenue	690	701	2	-	692	701	21	24	713	725
Interest expense	(80,377)	(72,731)	(33,730)	(23,573)	(114,107)	(96,304)	(250,458)	(284,456)	(364,565)	(380,760)
Depreciation	(81,072)	(79,051)	(701)	(826)	(81,773)	(79,877)	(251,519)	(287,827)	(333,292)	(367,704)
Amortisation	(1,824)	(1,869)	(635)	(635)	(2,459)	(2,504)	-	-	(2,459)	(2,504)
Reportable segment profit before income tax (EBT)	(185,800)	(45,554)	(98,201)	(76,705)	(284,001)	(122,259)	(166,087)	123,715	(450,088)	1,456
Other material non-cash items:										
Capital expenditure	-	-	-	-	-	-	(14,256)	(9,073)	(14,256)	(9,073)
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-
		30-Jun-21		30-Jun-21		30-Jun-21				30-Jun-21
Reportable segment assets	14,203,733	15,189,342	9,142,444	9,705,120	23,346,177	24,894,462	-	-	23,346,177	24,894,462
Reportable segment liabilities	(2,402,127)	(5,205,532)	(952,999)	(673,423)	(3,355,126)	(5,878,955)	-	-	(3,355,126)	(5,878,955)

Note: i The Group implemented a process in the current financial year to allocate direct costs from share services to the operating divisions.

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

NOTE 4: Operating Segments continued

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

	31 Dec 2021	31 Dec 2020
Revenues		
Total revenue for reportable segments	5,485,533	4,608,556
Elimination of inter-segment revenues	(140,386)	(93,327)
Corporate revenues	-	-
Consolidated revenue from continuing operations	<u>5,345,147</u>	<u>4,515,229</u>
Profit or Loss		
Total profit for reportable segments	(284,001)	(122,259)
Share services Payroll	203,802	452,092
Shared services facilities	(29,798)	(49,813)
Shared services corporate and unallocated amounts	(346,091)	(278,564)
Consolidated (loss) / profit before income tax from continuing operations	<u>(450,088)</u>	<u>1,456</u>

	31 Dec 2021	30 Jun 2021
Assets		
Total assets for reportable segments	23,346,177	24,894,462
Cash and equivalents held in shared services	382,737	730,367
Shared services fixed assets	9,003	10,866
Share services leased assets	1,172,699	1,390,740
Shared services intangible assets	1,604,020	1,607,423
Eliminations and other share service assets	(15,269,552)	(16,898,968)
Consolidated total assets	<u>11,245,084</u>	<u>11,734,890</u>

Liabilities		
Total liabilities for reportable segments	(3,355,126)	(5,878,955)
Interest bearing liabilities held in shared services	(4,546,661)	(5,595,000)
Shared services lease liabilities	(1,406,691)	(1,558,553)
Eliminations and other shared service liabilities	(1,993,512)	(56,706)
Consolidated total liabilities	<u>(11,301,990)</u>	<u>(13,089,214)</u>

	Reportable Segment Totals	Shared Services	Consolidated Totals
Other material items 2021			
Interest revenue	692	21	713
Interest expense	(114,107)	(250,458)	(364,565)
Other income – Covid government support	118,164	297,726	415,890
Other income - Warehouse Services	-	56,862	56,862
Other income - Other	4,549	-	4,549
Depreciation	(81,773)	(251,519)	(333,292)
Amortisation	(2,459)	-	(2,459)

Other material items 2020			
Interest revenue	701	24	725
Interest expense	(96,304)	(284,456)	(380,760)
Other income - Job keeper	-	921,200	921,200
Other income - Cashflow boost	-	188,205	188,205
Other income - Warehouse Services	-	62,084	62,084
Other income - Other	-	23,934	23,934
Depreciation	(79,877)	(287,827)	(367,704)
Amortisation	(2,504)	-	(2,504)

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

NOTE 4: Operating Segments continued

Geographical Segments

The Group operated in one geographical area being Australia.

In presenting information on the basis of geographical segments, segment revenue is based upon the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenues (31 Dec 2021)	Non-current assets (31 Dec 2021)	Revenues (31 Dec 2020)	Non-current assets (30 Jun 2021)
Australia	5,345,147	5,222,174	4,515,229	5,520,508

Note 5: Property Plant and Equipment

Acquisitions and disposals – Continuing Operations

During the six months ended 31 December 2021 \$14,256 of Group assets were acquired (2020: \$9,073)

Note 6: Impairment Testing

Gregory Commercial Furniture

As at 30 June 2021 the impairment testing conducted (as per the annual report) concluded that no impairment losses were incurred in the that period. Subsequent testing for the current half year reporting period indicated that no impairment losses should be recognised and the estimated recoverable amount of the cash generating unit (CGU) in the Furniture division exceeded its carrying amount by approximately \$2,337,545 (as at 30 June 2021 this was \$7,442,486).

The value in use was determined by discounting the future cash flows generated from the continuing use was based upon the following key assumptions for:

	31 Dec 2021	30 Jun 2021
Revenue growth in approved forecast for year ended 30 June 2022	7.5%	24.6%
Revenue growth in approved forecasts for year ended 30 June 2023	21.2%	25.0%
Annual average revenue growth per annum 2024– 2026	13.3%	18.3%
Inflation per annum	3.0%	3.0%
Cost growth per annum 2022-2026	3.0%	3.0%
Pre-tax discount rate	18.6%	18.6%

The Furniture Division’s anticipated improved revenue growth is expected to impact positively as the economy recovers from Covid and through the continued implementation of the Group’s three-year strategic plan which includes:

- a. The return to normal trading patterns in the financial year ended 30 June 2023; and
- b. The continued impact of synergies through supply agreements with its associate entity Winya Indigenous Furniture Pty Ltd.

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

Note 6: Impairment Testing (continued)

Inventis Technology

As at 30 June 2021 the impairment testing conducted (as per the annual report) concluded that no impairment losses were incurred in the that period. Subsequent testing for the current half year reporting period indicated that no impairment losses should be recognised and the estimated recoverable amount of the cash generating unit (CGU) in the Technology division exceeded its carrying amount by approximately \$4,941,865 (as at 30 June 2021 this was \$5,437,999).

The value in use was determined by discounting the future cash flows generated from the continuing use was based upon the following key assumptions for:

	31 Dec 2021	30 Jun 2021
Revenue growth in approved forecast for year ended 30 June 2022	41.4%	94.8%
Revenue growth in approved forecasts for year ended 30 June 2023	79.2%	25.5%
Annual average revenue growth per annum 2024– 2026	5.0%	5.0%
Inflation per annum	3.0%	3.0%
Cost growth per annum 2022-2026	3.0%	3.0%
Pre-tax discount rate	18.6%	18.6%

Note 7: Loans and Borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2021:

	Currency	Interest Rate %	Carrying Amount	Year of maturity
Balance as 30 June 2021			8,542,487	
<i>Proceeds</i>				
Related Party Loans		9.30-11.75%	975,960	
Net AASB 16 Lease Liabilities		4.14-4.86%	21,638	2024
<i>Repayments</i>				
Net Debtors invoice finance	AUD	9.3-11.75%	-	On-going
Related Party Loan	AUD		(1,746,627)	
AASB 16 Lease payments			(250,025)	
Balance as 31 December 2021			<u>7,543,435</u>	

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

NOTE 8: Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the half-year ended 31 December 2021, the Group recorded a loss from continuing operations of \$450,088 (2020: profit of \$1,456). The Group also incurred net cash outflows that was used in operating activities of \$826,852 as opposed to the same period last year when net cash was generated from operating activities (2020: \$44,326). Net cash inflows generated from financing activities for the half year ended 31 December 2021 was \$660,642 as opposed to the same period last year when net cash was used in financing activities (2020: \$78,165).

As of 31 December 2021, the Group's current liabilities exceeded its current assets by \$4,419,322 as a result of the long term loan totalling \$4,536,661 being classified as current while it is being renewed for a further 12 months, had this loan remained as classified as long term then the Group's current assets exceeded its current liabilities by \$117,339 as opposed to current liabilities exceeding current assets by \$116,204 as at 30 June 2021.

In relation to the Directors' assessment of the ability of the Group to continue as a going concern, and therefore, the basis of preparation of this financial report, the directors have considered the following:

- Management has prepared a forecast that shows that the Group will generate a profit and positive cash flows for the remainder of year ending 30 June 2022 and the full financial year ended 30 June 2023. The Directors have reviewed these forecasts and believe that, based on the continuing improvement in operating results, there will be sufficient cash inflows and facilities available to enable the Group to fund its operations for at least 12 months from the date these financial statements have been approved;
- The impact of the Covid business environment for the year ending 2022 will begin to be more than offset from the full year trading particularly when overseas travel re commences late into the second half of the 2022 financial year;
- The Group continues to invest in senior sales personnel and the development of new product offerings during the year as a result the Group has a strong pipeline of sales that has achieved improved sales and gross margin in the current year and maintaining this going forward. The Group has significant local and international supply agreements with both multinational commercial organisations and government entities across all both operating divisions; and

The Directors are confident that the Group has sufficient facilities in place to meet the Group's requirements for 2021. The Group has the following finance facilities in place at 31 December 2021:

- A debtor finance facility of \$7,200,000 with THN which was drawn to the value of \$1,311,744 as at balance date. Based upon the Group's debtors, an amount of \$530,420 was available to be drawn as of 31 December 2021;
- A term loan facility with THN Capital Solutions Pty Limited, a related party of the Group, of \$5,600,000, which was drawn to \$4,536,661 at balance date along with an undertaking of a further extension to the term of loan for a further 12 months until 1 July 2023. As such there is \$1,063,339 available to be drawn down (limit of the long term loan is \$5,600,000);

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

NOTE 8: Going Concern continued

- Should the Group require, an additional short-term loan facility is available to confirmed sales order funding for use in the current financial year on any major projects subject to the approval of THN Capital Solutions Pty Limited, a related party of the Group. The short-term facility, which is linked to the invoice finance facility, of \$1,500,000 is available to fund specific large projects which assist in the management of free working capital of the Group. As of 31 December 2021, and amount of \$59,006 has been utilised; and
- The Group instigated a rights issue in May 2021 to raise approximately \$4.3 million. As part of this we were successful in raising \$2.7 million of capital from existing shareholders and a fund manager. The Directors envisage the final raising of capital for the shortfall will occur in June 2022 at which time the rights issue would be fully subscribed.

The Directors have concluded that it is appropriate to prepare the financial report on a going concern basis, as they are confident the Group will be able to pay its debts as and when they become due and payable through planned raising of capital, positive cash flows from operations and finance facilities and that it will return to profitability on a sustainable basis.

Note 9: Related Parties

The following were key management personnel of the Group at any time during or after the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

Tony Noun
Peter Bobbin

Executive Directors

Anthony Mankarios (Managing Director)
Alfred Kobylanski (Alternate Director)

Executives – Key Management Personnel

Alfred Kobylanski
Mr Jeffery Stone
Mr Greg Welsh

i. Key management personnel compensation

Key management personnel receive compensation in the form of short-term employee benefits and post-employment benefits

ii. Other key management personnel transactions

The Company paid interest and fees of \$312,272 (2020: \$326,682), purchased information technology services of \$3,861 (2020: \$4,061), obtained additional funding of \$999,378 (2022: Nil) and repaid \$1,770,045 (2020: \$79,684) from an existing loan to/from entities associated with Tony Noun. All transactions entered into had been done on arm's length basis.

The Company paid interest and fees of Nil (2020: \$1,278) and in 2020: an additional loan \$232,200 and repaid \$103,000 from an existing loan to/from entities associated with Anthony Mankarios. All transactions entered into had been done on arm's length basis.

From time to time, key management personnel of the Group, its subsidiaries or their related entities, may purchase from or sell to the Group goods and services. These sales and purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2021

Note 9: Related Parties (continued)

iii. Share Based Compensation

The Group's annual report previously advised that the Group has established an Employee Performance Option Plan to assist in the attraction, retention, and motivation of employees, senior executives and Executive Directors of the Group.

The ESOP is administered by the Board.

During the period under review there were no shares issued to Directors or other key management personnel as part of compensation under the existing ESOP.

However, at the Company's EGM and AGM the following options were granted that had not been disclosed in the annual report:

Name	Number of options granted	Grant Date	Vesting date and exerciseable date	Expiry Date	Exercise Price	Fair Value per option at grant Date
Directors						
Anthony Mankarios	666,666	26-Nov-21	26-Nov-22	26-Nov-23	0.13	16,000
Anthony Mankarios	666,666	26-Nov-21	26-Nov-23	26-Nov-24	0.13	21,333
Anthony Mankarios	666,668	26-Nov-21	26-Nov-24	26-Nov-25	0.13	26,667
Greg Welsh	240,000	30-Nov-21	30-Nov-22	30-Nov-23	0.13	-
Greg Welsh	240,000	30-Nov-21	30-Nov-23	30-Nov-24	0.13	240
Greg Welsh	120,000	30-Nov-21	30-Nov-24	30-Nov-25	0.13	240

As at reporting date the fair value of options granted is as follows, noting that for this financial year that the remaining ESOP criteria will not be met and therefore will not be an impact on the currently financial year except for Mr Anthony Mankarios which has been provided for in the period ended 31 December 2021.

Name	Number of options granted	Grant Date	Vesting date and exerciseable date	Expiry Date	Exercise Price	Fair Value per option at grant Date
Directors						
Anthony Mankarios	1,760,000	26-Jul-21	26-Jul-21	26-Jul-24	0.06	105,600

NOTE 10: Contingent Liabilities

The Directors are not aware of any contingent liabilities in existence at reporting date.

NOTE 11: Events Subsequent to Reporting Date

Inventis Technology has signed an exclusive Heads of Agreement subject to ongoing Due Diligence to acquire the business and assets of Electronic Circuit Designs Pty Ltd. www.ecd.com.au

The business acquisition is expected to fit in well with our existing Technology business offering synergies with circuit board designs, manufacturing, application, and supply of technology.

The acquisition valuation cost is based on a three (3x) adjusted EBITDA basis, to also include net working capital. Additionally, the acquisition includes a property with a book value of \$2.1 million.

Payments will be arranged in accordance with Company objectives. We anticipate the synergies, and the acquisition will yield extra net cashflow of over \$1 million before funding cost.

The Company issued 360,000 ordinary shares to eligible staff as a bonus on the 17 January 2022.

The Company has a debt facility which was due to be repaid on the 1 July 22 and has been classified as a current liability as of 31 December 2021. After the reporting date the Company has received confirmation that lender will extend the debt facility to 1 July 2023 and is therefore, able to be classified as a long-term debt. The effect of this reclassification is a reduction of current liabilities to \$5,905,571, net current assets become \$117,339 and long-term liabilities increase to \$5,396,419.

Apart from the above there has not arisen in the interval between the end of the half year ended 31 December 2021 and the date of this report any item, transaction or event of a material nature and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group, in future financial years.

INVENTIS LIMITED
For the half year ended 31 December 2021

Directors' Declaration

In the opinion of the directors of Inventis Limited ("the Company"):

- (1) the financial statements and notes set out on pages 4 to 16, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six-month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 28th day of February 2022

Signed in accordance with a resolution of the directors.



Tony Noun
Chairman

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Inventis Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Inventis Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO
A handwritten signature in black ink that reads 'Ryan Pollett'. The signature is written in a cursive style with a horizontal line extending from the end of the name.

Ryan Pollett
Director

Sydney, 28 February 2022

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