

Appendix 4D

Half Yearly Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Half Year Ended	31 December 2023
Previous Corresponding Reporting Period	31 December 2022

Results for Announcement to the Market

	\$	Percentage change increase / (decrease) over previous corresponding period
Revenue from ordinary activities	7,845,694	(1.13%)
Loss from continuing operations after tax attributable to members	(937,653)	62.36%
Net loss for the period attributable to members	(937,653)	62.36%
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.

Net Tangible Assets per Security



	Current Period	Previous corresponding period
Net liabilities backing per ordinary security	Nil	Nil

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	
 Chairman Peter Bobbin	 Managing Director Anthony Mankarios
Dated this 29 February 2024	

Inventis Limited

ACN: 084 068 673

Interim Consolidated Financial Report

For the Half Year Ended 31 December 2023

Inventis Limited

ACN: 084 068 673

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For the Half Year Ended 31 December 2023

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Inventis Limited

ACN: 084 068 673

Directors' Report 31 December 2023

The directors submit the interim consolidated financial report of Inventis Limited (the Company) and its controlled entities (the Group) for the half year ended 31 December 2023.

1. General information

Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

Peter Bobbin (Chairman and Non-Executive Director)

Anthony Mankarios (Managing Director)

Michael Stafford (Non-Executive Director)

Appointed 15 December 2023

Tony Noun (Non-Executive Director)

Retired 15 December 2023

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial half year were the manufacture and sale of commercial furniture, electronic controllers and computers. The Group's key businesses are separated into a furniture division and a technology division. The furniture division is responsible for the design, manufacture and sale of a range of commercial furniture, which includes office chairs, tables, lounges, and workstations. The technology division is responsible for the design and manufacture of custom control and market ready electronic systems, mobile computing solutions and emergency vehicle control systems.

There were no significant changes in the nature of the Group's principal activities during the financial half year.

2. Operating results and review of operations for the year

Review of operations

The Group's revenue for the half year ended 31 December 2023 is \$7,845,694 which is almost on par with the same period last year.

The Group's closing cash balance at 31 December 2023 stood at \$642,812 (Jun 2023: \$946,726), with cash inflows from operating activities of \$676,014 (Dec 2022: \$311,503) and cash outflows from financing activities of \$905,406 (Dec 2022: \$152,451) for the 6 months then ended.

In December 2023, the Group sold its Matraville property for \$2.95 million and has negotiated lease back terms for an initial term of 12 months with 3 renewal options totalling a term of up to 15 years. The property was originally acquired in March 2022 for \$1.88 million. The initial rent has been negotiated at \$160,000 per annum, which equates to cash savings of over \$120,000 per annum when compared to the ownership costs which included interest. The sale proceeds were used to settle the \$2.1 million loan with THN Property Fund Pty Limited (THN), with the remainder being vendor-financed for 2 years. The sale will create a taxable capital gain over the purchase price of \$1.07 million which for tax purposes will be offset against carried forward losses.

The Group raised \$600,000 from the issue of convertible notes in December 2023, the Directors taking up their allotment as approved at the 2023 AGM. The Group outlined plans to raise up to \$4 million in total, principally for the global growth plans in the USA and Philippines.

The Group has unused finance facilities totalling \$6.23 million as at 31 December 2023, and our lenders have agreed to extend the loan-terms to better align with the convertible note expiry dates.

Inventis Limited

ACN: 084 068 673

Directors' Report

31 December 2023

2. Operating results and review of operations for the year (continued)

Review of operations (continued)

The Group reported an EBITDA of \$364,640 at 31 December 2023 (Dec 2022: \$523,196). The Group decided to invest in global expansion and a raft of initiatives to further improve the Group moving forward. This period also saw significant cost cutting initiatives as previously publicised, the full extent of the \$1.5 million annualised cost cuts will be seen in 2024.

Growth plans were outlined for the USA and in other regions globally, which are anticipated to be potentially significant over the next three years.

Sales across the Technology Division for first half of FY2024 were up 62.1% (year on year) with overall EBITDA (pre-management fees), up 205% year on year.

Electronic Circuit Designs (ECD) continued to be a solid net earnings accretive contributor. The business continues to display opportunities of scaling globally. We intend to leverage their Australian supply across additional zones in Asia Pacific in FY2024. We have already put in place plans for Manila supply in that period. We are also currently seeking to develop new technologies for the lift and elevator market to which ECD supplies across a large National customer base.

The Group undertook a cost review and is better aligning its costs with its income. As noted above, the annualised overall savings in costs from the prior year is anticipated to be circa \$1.5 million in FY2024 based on reduced head count on a comparable like for like Business Unit basis and reduced rental costs moving forward. We anticipate the Commercial Furniture division will remain soft during this period, due to the Australia-wide building industry collapse and so plans to align cost in that division have already started taking place.

We have an initial solid quote book in the USA of over AU\$1 million. The forming of a US subsidiary in Hazavoid™ TX LLC has generated our first orders from the USA, subject to receipt of the final school district configurations. The initial order is for AU\$190k received in early February 2024. This confirms the US strategy and with over 9000 schools in Texas alone, the roll-out plan, subject to the Capital Management plan, may have an accretive effect on future revenue streams derived from the USA. We have also established additional potential continued revenue streams by way of a rent or lease arrangement capped over 3 years to help bring sales into client Opex account rather than Capex accounts. This along with regular maintenance fees may also add to the future continued revenue streams. Hazavoid™ TX LLC has now successfully brought on distributors in Texas and in the Midwest US and has been in discussions with other national US distributors.

Hazavoid™ US operations in Montgomery Texas are building relationships with key decision makers in the Education and Commercial sectors. They are leveraging its US patent (application No. 17/124,815) for its Emergency Alert System Hazavoid™. This patent provides protection to 17 December 2040. With the benefit of this patent, we are now working diligently to secure partnerships in response to US market demand for an Emergency Alert System. Other trademarks for Hazavoid and Inventis Technology have also been lodged in the USA. This has allowed our team to receive benefits from changing views on security in the USA, particularly the Education sector, we are starting to see progress toward future commitments for Hazavoid™.

Hazavoid™ has also managed to successfully lodge an application for Australian government telecommunications grant for up to \$1.5 million during this period. The result should be known by 30 June 2024.

Gregory Commercial Furniture has commenced manufacturing of cabinetry at 268-270, Victoria Street, Wetherill Park NSW. This is under licence agreements with the receivers of the GDK Business and assets. The GDK business went into receivership in late December with contracts of approximately \$1.6 million. We continually review this opportunity.

Whilst our Furniture division revenue is well down from last year's record highs, the Furniture business has also tendered for large Queensland state-based contracts and various other Government and Corporate jobs.

Inventis Limited

ACN: 084 068 673

Directors' Report 31 December 2023

2. Operating results and review of operations for the year (continued)

Review of operations (continued)

The Group notified the market of plans to move from its Eastern Creek NSW headquarters and manufacturing base last year. Our Furniture division has a signed heads of agreement to lease with respect to 7 Holbeche Road, Arndell Park, NSW and the Technology division will relocate to 17/133, Beauchamp Road, Matraville, NSW, which is closer to both the ECD business and its client base. The overall costs saving specifically resulting from these plans, on an ongoing annualised basis is estimated to be circa over \$500k per annum. We have tendered our Audit Services with additional planned savings and are seeking to review our cost base across the entire wider Group, with plans to maintain a strong gross profit margin.

The current management has a proven track record of robust sustained double-digit sales growth over the last four-year periods. We have solid brands, some spanning across 40 years. FY24 is proving to be very challenging indeed, but we have recorded an overall sales growth none the less, especially in a market where interest rates have increased regularly since May 2022.

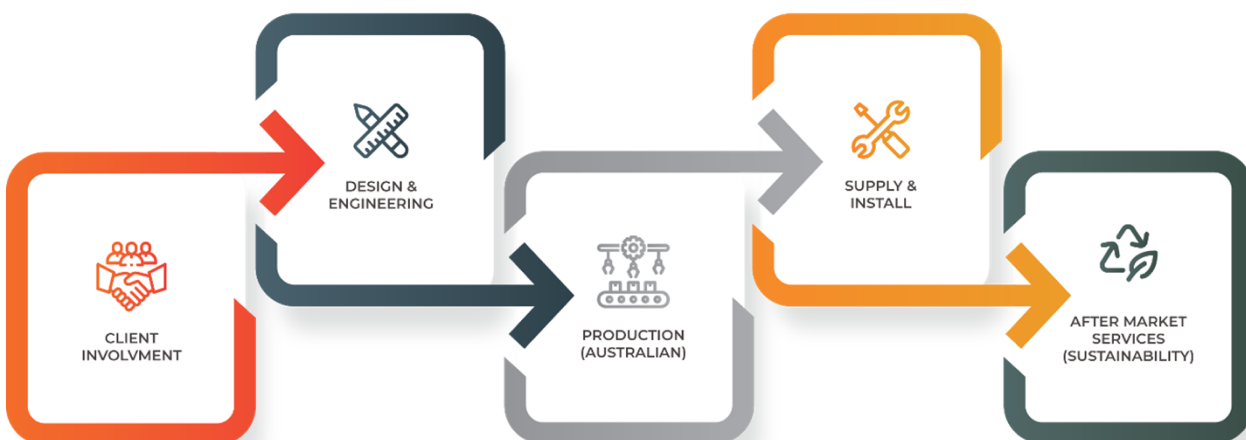
A great deal of work has been established in prior periods for the successful continued profitable growth, resulting from our plans outlined above and it is certainly subject to the successful uptake of the Capital Management plan with the convertible notes.

We have recently received confirmations of orders in Opentec Solutions of over \$6.8 million over the next 12 months, orders also already confirmed in Technology for over \$500k in the next half and a total open quote book of over \$140 million in Technology.

Winya has settled into its new location at 7/107 Pitt Street, Sydney, NSW. Winya plans to showcase its wider product ranges, with special focus in Australian Made, Quality and Innovative Design across a larger network of National showrooms. A review of its cost base is currently under review, whilst we are still tendering for many projects.

Gregory Chairs, notably a leader in Ergonomics, is now certified to the highest level (160kg multi shift) of any chair by AFRDI. Our systems are also NDIS Certified assuring users of the optimum level of Ergonomic, Customised Safety and Infection Control processes for our medical seating. Environmental Certification is to ISO14001. Gregory continues to gain ground in Ergonomic seating using technology with the G-Smart (smart phone app for iPhone and android).

STRATEGY VISION



Inventis Limited

ACN: 084 068 673

Directors' Report
31 December 2023

Events after the reporting date

Subsequent to the half year, during February 2024, the Group issued convertible notes of \$350,000.

Except for the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial half year. No recommendation for payment of dividends has been made.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2023 has been received and can be found on page 5 of the interim consolidated financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Director:

Peter Bobbin (Chairman and Non-Executive Director)

Dated 29 February 2024



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Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Inventis Limited

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF

A handwritten signature in black ink that reads 'STobutt' with a long horizontal stroke extending to the right.

SCOTT TOBUTT
PARTNER

29 FEBRUARY 2024
SYDNEY, NSW

Inventis Limited

ACN: 084 068 673

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2023

	31 Dec 2023	31 Dec 2022
	\$	\$
Revenue	7,845,694	7,935,447
Cost of sales	(4,177,629)	(4,246,166)
Gross profit	3,668,065	3,689,281
Other income	306,014	144,838
Share of net (loss) / profits of associates using the equity method	(115,494)	480,677
Expenses		
Manufacturing and operations	(1,331,083)	(1,135,432)
Engineering and quality assurance	(331,291)	(310,651)
Administrative expenses	(1,143,988)	(1,285,934)
Sales and marketing expenses	(1,077,300)	(1,405,701)
Results from operating activities	(25,077)	177,078
Finance income	22,771	1,537
Finance expenses	(935,347)	(756,137)
Loss before income tax	(937,653)	(577,522)
Income tax expense	-	-
Loss for the half year	(937,653)	(577,522)
Other comprehensive income, net of income tax		
Items that will be reclassified to profit or loss when specific conditions are met		
Exchange differences on translating foreign controlled entities	184	596
Other comprehensive income for the half year, net of tax	184	596
Total comprehensive income for the half year	(937,469)	(576,926)
Loss attributable to:		
Members of the parent entity	(937,653)	(577,522)
Total comprehensive income attributable to:		
Members of the parent entity	(937,469)	(576,926)
Loss per share		
Basic earnings per share (cents)	(1.33)	(0.89)
Diluted earnings per share (cents)	(1.33)	(0.89)
From continuing operations:		
Basic earnings per share (cents)	(1.33)	(0.89)
Diluted earnings per share (cents)	(1.33)	(0.89)

The accompanying notes form part of these financial statements.

Inventis Limited

ACN: 084 068 673

Interim Consolidated Statement of Financial Position As At 31 December 2023

	31 Dec 2023	30 Jun 2023
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	642,812	946,726
Trade and other receivables	1,753,406	2,909,369
Inventories	2,850,536	3,001,824
Current tax receivable	93,939	93,939
TOTAL CURRENT ASSETS	<u>5,340,693</u>	<u>6,951,858</u>
NON-CURRENT ASSETS		
Investments accounted for using the equity method	8 167,565	283,059
Other financial assets	109,005	76,208
Loans and advances	850,000	-
Property, plant and equipment	5 304,801	2,975,744
Deferred tax assets	319,248	506,564
Intangible assets	6 5,273,194	5,290,752
Right-of-use assets	647,538	646,708
TOTAL NON-CURRENT ASSETS	<u>7,671,351</u>	<u>9,779,035</u>
TOTAL ASSETS	<u>13,012,044</u>	<u>16,730,893</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	3,946,405	4,470,715
Borrowings	7 1,662,018	2,920,019
Contract liabilities	157,907	110,816
Lease liabilities	595,809	736,731
Employee benefits	1,612,609	1,370,054
Deferred tax liabilities	-	10,000
TOTAL CURRENT LIABILITIES	<u>7,974,748</u>	<u>9,618,335</u>
NON-CURRENT LIABILITIES		
Borrowings	7 6,770,743	8,136,661
Deferred tax liabilities	-	177,500
Lease liabilities	127,840	31,537
Employee benefits	63,334	55,811
TOTAL NON-CURRENT LIABILITIES	<u>6,961,917</u>	<u>8,401,509</u>
TOTAL LIABILITIES	<u>14,936,665</u>	<u>18,019,844</u>
NET LIABILITIES	<u>(1,924,621)</u>	<u>(1,288,951)</u>
EQUITY		
Issued capital	37,992,842	37,698,583
Reserves	(939,001)	(946,725)
Accumulated losses	(38,978,462)	(38,040,809)
TOTAL EQUITY	<u>(1,924,621)</u>	<u>(1,288,951)</u>

The accompanying notes form part of these financial statements.

Inventis Limited

ACN: 084 068 673

Interim Consolidated Statement of Changes in Equity For the Half Year Ended 31 December 2023

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Option Reserve	Other	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	37,698,583	(38,040,809)	(1,096,493)	149,768	-	(1,288,951)
Loss attributable to members of the parent entity	-	(937,653)	-	-	-	(937,653)
Other comprehensive income	-	-	184	-	-	184
Total comprehensive income for the half year	-	(937,653)	184	-	-	(937,469)
Transactions with owners in their capacity as owners						
Other	-	-	-	80	-	80
Issue of shares, net of transaction costs	294,259	-	-	-	-	294,259
Issue of convertible notes	-	-	-	-	7,460	7,460
Balance at 31 December 2023	37,992,842	(38,978,462)	(1,096,309)	149,848	7,460	(1,924,621)

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Option Reserve	Other	Total
	\$	\$	\$	\$	\$	\$
Restated Balance at 1 July 2022	37,382,841	(36,100,094)	(1,096,812)	140,800	-	326,735
Loss attributable to members of the parent entity	-	(577,522)	-	-	-	(577,522)
Other comprehensive income	-	-	596	-	-	596
Total comprehensive income for the half year	-	(577,522)	596	-	-	(576,926)
Transactions with owners in their capacity as owners						
Other	-	(1)	-	-	-	(1)
Balance at 31 December 2022	37,382,841	(36,677,617)	(1,096,216)	140,800	-	(250,192)

The accompanying notes form part of these financial statements.

Inventis Limited

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Interim Consolidated Statement of Cash Flows For the Half Year Ended 31 December 2023

	31 Dec 2023 \$	31 Dec 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	9,116,550	8,499,964
Receipt from grants	-	74,000
Payments to suppliers and employees	(7,541,735)	(7,537,345)
Interest received	22,602	1,537
Interest paid	(921,403)	(726,653)
Net cash provided by operating activities	<u>676,014</u>	<u>311,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for intangible assets	(8,516)	-
Purchase of property, plant and equipment	(306)	(75,798)
Purchase of investments	(65,700)	-
Net cash used in investing activities	<u>(74,522)</u>	<u>(75,798)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares, net of transaction costs	294,259	-
Proceeds from the issue of convertible notes	600,000	-
Proceeds from borrowings	2,315,599	755,789
Repayment of borrowings	(4,115,264)	(549,362)
Repayment of lease liabilities	-	(358,878)
Net cash used in financing activities	<u>(905,406)</u>	<u>(152,451)</u>
Net (decrease)/increase in cash and cash equivalents held	(303,914)	83,254
Cash and cash equivalents at beginning of half year	<u>946,726</u>	<u>883,313</u>
Cash and cash equivalents at end of the half year	<u>642,812</u>	<u>966,567</u>

The accompanying notes form part of these financial statements.

Inventis Limited

ACN: 084 068 673

Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

The interim consolidated financial report covers Inventis Limited (the Company) and its controlled entities (the Group). Inventis Limited is a for-profit Group limited by shares, incorporated and domiciled in Australia.

The address of the Company's registered office is Unit 4, 2 Southridge Street, Eastern Creek, NSW, 2766.

The principal activities of the Group for the half year ended 31 December 2023 were the manufacture and sale of commercial furniture, electronic controllers and ruggedized upgrading of computers.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 29 February 2024.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2023 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Inventis Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these interim consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

3 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.

Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

3 Going concern (continued)

For the half year ended 31 December 2023, the Group recorded a loss from continuing operations of \$937,653 (Dec 2022: \$577,522), net cash inflows from operating activities of \$676,014 (Dec 2022: \$311,503) and net cash outflows from financing activities of \$905,406 (Dec 2022: \$152,451). As of 31 December 2023, the Group's current liabilities exceeded its current assets by \$2,634,055 (30 June 2023: net current liabilities of \$2,666,477).

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 year ending 30 June 2024 and the financial year ending 30 June 2025. 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.
- Opentec Solutions Pty Ltd has received an order of \$6,656,575 with Signed agreement to supply in Tranches over 12 months.;
- Continuing expansion into Export markets in the Philippines and the USA; and
- The Group has a strong quotation pipeline and sales that has achieved sales and gross margin in the current year and expects to maintain this going forward.

The Directors are confident that the Group has sufficient facilities in place to meet the Group's requirements for a period of at least 12 months from the date these financials have been approved. The Group has the following finance facilities in place as at 31 December 2023:

- A debtor finance facility of \$5,850,000 with THN Capital Solutions Pty Limited (THN) which was drawn to the value of \$537,465 as at balance date. This leaves an amount of \$5,312,535 available to be drawn as of 31 December 2023, subject to invoicing;
- A term loan facility with THN, a related party of the Group, of \$9,725,000, which was drawn to \$8,811,661 at balance date. As such there is \$913,339 available to be drawn down (limit of the long term loan is \$9,250,000);
- 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, 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; and
- The Board has given approval in December 2023 to raise capital in the form of convertible notes to a value of \$4,000,000. In December 2023, \$600,000 convertible notes were issued. Furthermore, in February 2024, convertible notes of \$350,000 were issued, and there are ongoing discussions and expectations of additional issues in May - June 2024.

Based on the above factors, 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.

Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

3 Going concern (continued)

However, in the event that the Group is unable to achieve the outcomes in relation to the aforementioned, such circumstances would indicate that uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

The consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

4 Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Types of products and services by reportable segment

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.

Inventis Limited

ACN: 084 068 673

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2023

4 Operating Segments (continued)

Segment performance

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 evaluation the results of each segment. Inter-segment pricing is determined on an arm's length basis.

	Furniture Division		Technology Division		Corporate		Consolidated	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Total revenue	3,518,619	5,629,026	4,509,269	2,781,858	-	-	8,027,888	8,410,884
Inter-segment revenue	(182,194)	(475,437)	-	-	-	-	(182,194)	(475,437)
Total external revenue	3,336,425	5,153,589	4,509,269	2,781,858	-	-	7,845,694	7,935,447
Earnings before shared services	72,337	961,483	1,334,537	433,323	(1,042,234)	(871,610)	364,640	523,196
Share services cost allocations	(986,523)	(761,587)	(494,674)	(338,860)	1,481,197	1,100,447	-	-
EBITDA	(914,186)	199,896	839,863	94,463	438,963	228,837	364,640	523,196
Depreciation	(98,838)	(80,869)	(21,815)	(2,629)	(247,195)	(254,711)	(367,848)	(338,209)
Amortisation	(2,805)	(2,758)	(19,069)	(5,154)	-	-	(21,874)	(7,912)
Interest revenue	97	703	21,665	609	1,009	225	22,771	1,537
Interest expense	(108,918)	(120,726)	(422,131)	(266,038)	(401,241)	(339,888)	(932,290)	(726,652)
Net foreign currency exchange profit / (loss)	648	(14,831)	(3,637)	(14,651)	(68)	-	(3,057)	(29,482)
Reportable segment profit before income tax (EBT)	(1,124,002)	(18,585)	394,876	(193,400)	(208,532)	(365,537)	(937,653)	(577,522)

Segment assets and liabilities

	Furniture Division		Technology Division		Corporate		Consolidated	
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2023	2023	2023	2023	2023	2023	2023	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Reportable segment assets	12,719,816	14,236,361	13,390,980	16,404,042	-	-	26,110,796	30,640,403
Reportable segment liabilities	(5,687,537)	(6,080,078)	(2,844,759)	(6,252,679)	-	-	(8,532,296)	(12,332,757)

Inventis Limited

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Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

4 Operating Segments (continued)

Reconciliations

Reconciliation of segment operating profit to the interim consolidated statement of profit or loss and other comprehensive income

	31 Dec 2023	31 Dec 2022
	\$	\$
Total loss for reportable segments	(729,126)	(211,985)
Share services payroll	(15,660)	(4,362)
Share services facilities	(111,723)	(86,463)
Share services corporate	(81,144)	(274,712)
Consolidated profit/(loss) before income tax from continuing operations for the half year	<u>(937,653)</u>	<u>(577,522)</u>

Geographical information

The Group operated in one geographical area being Australia.

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

	Revenue 31 Dec 2023	Non-current assets 31 Dec 2023	Revenue 31 Dec 2022	Non-current assets 30 Jun 2023
Australia	7,845,694	7,671,351	7,935,447	9,779,035

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Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

5 Property, Plant and Equipment

	31 Dec 2023 \$	30 Jun 2023 \$
Land and buildings		
At fair value	-	2,650,000
Accumulated depreciation	-	-
Total land and buildings	<u>-</u>	<u>2,650,000</u>
Plant and equipment		
At cost	1,457,550	1,461,386
Accumulated depreciation	(1,210,921)	(1,200,740)
Total plant and equipment	<u>246,629</u>	<u>260,646</u>
Furniture, fixtures and fittings		
At cost	109,535	109,535
Accumulated depreciation	(88,345)	(85,510)
Total furniture, fixtures and fittings	<u>21,190</u>	<u>24,025</u>
Motor vehicles		
At cost	84,732	84,732
Accumulated depreciation	(48,464)	(44,853)
Total motor vehicles	<u>36,268</u>	<u>39,879</u>
Leasehold Improvements		
At cost	124,144	124,144
Accumulated depreciation	(123,430)	(122,950)
Total leasehold improvements	<u>714</u>	<u>1,194</u>
Total plant and equipment	<u>304,801</u>	<u>325,744</u>
Total property, plant and equipment	<u>304,801</u>	<u>2,975,744</u>

Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial half year:

Note	Land and Buildings \$	Leasehold Improvements \$	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Half Year ended 31 December 2023						
Balance at the beginning of half year	2,650,000	1,194	260,646	24,025	39,879	2,975,744
Additions	-	-	1,081	-	-	1,081
Disposals	7 (2,650,000)	-	(4,917)	-	-	(2,654,917)
Depreciation expense	-	(480)	(10,181)	(2,835)	(3,611)	(17,107)
Balance at the end of the half year	<u>-</u>	<u>714</u>	<u>246,629</u>	<u>21,190</u>	<u>36,268</u>	<u>304,801</u>

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Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

6 Intangible Assets

	31 Dec 2023 \$	30 Jun 2023 \$
Goodwill		
Cost	4,556,158	4,556,158
Accumulated impairment losses	(163,299)	(163,299)
Net carrying value	4,392,859	4,392,859
Patents and trademarks		
Cost	1,753,000	1,753,000
Accumulated amortisation and impairment	(1,698,000)	(1,698,000)
Net carrying value	55,000	55,000
Development costs		
Cost	1,918,969	1,914,653
Accumulated amortisation and impairment	(1,827,634)	(1,821,760)
Net carrying value	91,335	92,893
Customer relationships		
Cost	1,886,623	1,886,623
Accumulated amortisation and impairment	(1,152,623)	(1,136,623)
Net carrying value	734,000	750,000
Total Intangible assets	5,273,194	5,290,752

Movements in carrying amounts of intangible assets

	Goodwill \$	Patents and trademarks \$	Customer relationships \$	Development costs \$	Total \$
Half Year ended 31 December 2023					
Balance at the beginning of the half year	4,392,859	55,000	750,000	92,893	5,290,752
Additions	-	-	-	7,484	7,484
Disposals	-	-	-	(3,168)	(3,168)
Amortisation	-	-	(16,000)	(5,874)	(21,874)
Closing value at the end of half year	4,392,859	55,000	734,000	91,335	5,273,194

Inventis Limited

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Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

6 Intangible Assets (continued)

Impairment testing

Gregory commercial furniture

As at 30 June 2023, the impairment testing conducted (as per the annual report) concluded that no impairment losses were incurred in 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 this cash generating unit (CGU) in the Furniture division exceeded its carrying amount.

Inventis technology

As at 30 June 2023, the impairment testing conducted (as per the annual report) concluded that no impairment losses were incurred in 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 this cash generating unit (CGU) in the Technology division exceeded its carrying amount.

7 Borrowings

	31 Dec 2023 \$	30 Jun 2023 \$
CURRENT		
Secured liabilities:		
Convertible notes	58,458	-
Debtors finance facility	882,513	578,625
Purchase order funding	190,375	1,179,933
Loans from related parties	350,000	1,161,461
Unsecured liabilities:		
Bank overdraft	180,672	-
Total current borrowings	1,662,018	2,920,019
NON-CURRENT		
Secured liabilities:		
Convertible notes	534,082	-
Loans from related parties	6,236,661	8,136,661
Total non-current borrowings	6,770,743	8,136,661
Total borrowings	8,432,761	11,056,680

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Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

7 Borrowings (continued)

Summary of borrowings

Details for the Group's borrowings are as follows:

- On 29 December 2023, the Group issued convertible notes with varying interest terms. Subscribers elect their desired rate of interest and payment terms, being interest rate of RBA +6.5% per annum calculated monthly and paid bi-annually; or RBA +7.50% per annum calculated monthly and paid at the end of the convertible note's terms. A default rate of RBA +7.5% per annum will be used where an election has not been made. The notes are convertible into ordinary shares at the option of the holder within 3 years from the date of issue, maturing on 28 December 2026.
- The debtors financing facility has interest rates attached of BBSW+12% and 6.85% to 11.75% per annum;
- The purchase order funding facility has interest rates between 6.85% to 8.30% per annum. The ability of the Group to access the full limit of these facilities is contingent upon the Group's ability to generate the necessary sales to unrelated third party customers.
- Current loans from related parties have interest rates between 8.5%-16.15% per annum, whilst the non-current long term loans from related parties have interest rates between 10% and BBSW+12% and are due to mature on 30 June 2025. Related party loans have decreased from the prior period due to the sale and lease back of the Matraville property, with proceeds of \$2.1 million from the sale being used to settle a loan with THN Property Fund Pty Limited.

The loans for both the current and the comparative period were secured by a mortgage over the Group's assets.

8 Interests in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* Dec 2023	Percentage Owned (%)* Dec 2022
Associates:			
Winya Indigenous Office Furniture Pty Ltd	Australia	49	49

*The percentage of ownership interest held is equivalent to the percentage voting rights for all associates.

9 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2023 (30 June 2023: None).

Inventis Limited

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Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

10 Related Parties

The Group's main related parties are as follows:

- Key management personnel

The following were the 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

- Peter Bobbin (Chairman from 15 December 2023)
- Tony Noun (retired 15 December 2023)
- Michael Stafford (appointed 15 December 2023)

Executive directors

- Anthony Mankarios (Managing Director)

Executives - Key Management Personnel

- Mr Michael Green
- Associates - refer to note 8
- Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

i. Key management personnel compensation

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

ii. Other key management personnel transactions

The Group paid interest and fees of \$711,612 (Dec 2022: \$676,314) to THN Property Fund Pty Limited and purchased information technology services of \$2,997 (Dec 2022: \$1,605) from Universal Technology Pty Ltd, both entities are associated with Tony Noun.

The Group paid interest and fees of \$9,893 (Dec 2022: \$4,173), an additional loan of \$288,000 (Dec 2022: \$184,000) was obtained from Starball Pty Ltd, an entity associated with Anthony Mankarios. All transactions entered into had been undertaken 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.

Notes to the Interim Consolidated Financial Statements For the Half Year Ended 31 December 2023

10 Related Parties (continued)

Transactions with related parties (continued)

iii. Share based compensation

The Group has an Employee Performance Option Plan in place 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 key management personnel as part of compensation under the existing ESOP.

Loans from related parties

Loans are made from other related parties on an arm's length basis. Repayment terms are set for each loan, which range from 1 to 3 years. Monthly principal and interest repayments are made over the terms of the loans are secured and repayable in cash. Refer to note 7 for further details.

11 Events Occurring After the Reporting Date

Subsequent to the half year, during February 2024, the Group issued convertible notes of \$350,000.

Except for the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Inventis Limited

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Directors' Declaration

The directors of the Group declare that:

1. The interim consolidated financial statements and notes, as set out on pages 6 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Peter Bobbin (Chairman and Non-Executive Director)

Dated 29 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INVENTIS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Inventis Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Inventis Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 3 in the half year financial report, which describes management's assessment of the consolidated entity's ability to continue as a going concern. The matters described in Note 3 indicate a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the Company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year 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 the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Inventis Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

PKF
PKF

A handwritten signature in black ink that reads 'STobutt' with a stylized flourish at the end.

SCOTT TOBUTT
PARTNER

29 FEBRUARY 2024
SYDNEY, NSW