



INVENTIS LIMITED

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ANNOUNCEMENT TO THE ASX – 29 November 2019

Inventis Limited [ASX: IVT] – Chairman’s Address - Annual General Meeting

The 2019 year was a challenging period for the Company as it worked to reposition itself in both the Australian and International markets and to rebuild its sales pipeline opportunities. Pleasingly,

- Revenue increased by 44% as compared to last year (FY-2018).
- Net Profit After Tax was a loss of \$1.6m as compared to \$3.1m for the previous year (FY-2018). This outcome included one-of non-cash expense items in the total sum of over \$1m for obsolete stock and impairment of intangible assets. It should also be noted that this year’s result also includes \$0.9m in interest expenses, which highlights the need for us to deal with our current level of debt.

I am also pleased to say that during this year, we have improved corporate governance, procedures and accountability and the re-enforcement of our core values and cultural statement, which are all central to our future success. This new culture is about accepting responsibility and showing integrity in all that we do.

To enhance diversity within the business, it is pleasing to see Chantelle Knight taking up the position of Co-Company Secretary and the Company joining forces with a Supply Nation accredited Indigenous organisation.

Integrity, Diversity and Value are the heart of our commitment to all of our stakeholders going forward. Customers, Distributors/Re-Sellers and Suppliers coupled with our Staff and Shareholders, are the reason for being and the success of our Company and with that in mind, we are committed to the aim of 100% satisfaction in every aspect of our business.

For the past few years, we have centralised and consolidated the business back to the core cost structure (bare minimum), whilst maintaining the necessary requirements to sustain the business. The next step is to optimise and grow the business units we have, to ensure we deliver a sustainable profitable business into the future. Against this backdrop, the Board seeks to,

- Scale-up the business activities of the Company to enhance effectiveness; and
- Ensure efficient resource allocation and costs are aligned with business growth and outcomes.

To achieve these aims, we have embarked on a Mergers and Acquisitions programme with businesses that share our goals and values and are currently in discussions with a number of interested parties with a view to scaling-up and enhancing business synergies.

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As you are aware, we recently,

- Acquired Workstations as well as a 49% stake in and formed a strategic Alliance with Winya Indigenous Furniture. Our aim is to increase Furniture Division Revenue to more than \$20m per annum by Financial Year 2021;
- Appointed Anthony Mankarios as Group Managing Director;
- Embarked on a Rights Issue to raise \$0.9m for the working capital of the company as it scales up operations. It is expected that the Rights Issue will likely be fully subscribed, if Directors and their associates have an opportunity to take up the shortfall. Under the Listing Rules, Directors and associates will need to seek shareholder approval to do so. Thus, an EGM will shortly be called to give shareholders an opportunity to vote on whether or not to allow directors and their associates to participate in the shortfall. Importantly, all shareholders have an opportunity to participate in the shortfall; and
- Introduced an Executive Share Option Plan, which is being considered today as Resolution 3, to reward and motivate good strong performance from key personnel of the organisation.

As mentioned above, interest costs are of significance and thus a key focus for us is capital management. In this regard, we are considering alternative ways in which we are able to extend and/or reduce debt and the costs relating thereto. This includes, conversion to long-term debt and/or issuing Convertible Notes and/or Convertible Preference Shares. We are currently in discussion with our primary lender convert the term loan debt (\$5m) into a fully-underwritten Convertible Note issue that we can offer to all our existing shareholders in the first instance.

The Board believes the successful implementation of its plans will positively impact profitability, share price and shareholder value.

I acknowledge the continued support of our Financiers and Directors over this period and take this opportunity to thank our staff and our suppliers for their loyalty and continual support.

Tony Noun
Chairman, Inventis Limited

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