

Appendix 4D

Half Yearly Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Half Year Ended	31 December 2020
Previous Corresponding Reporting Period	31 December 2019

Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	4,515,229	35.2%
Profit from continuing operations after tax attributable to members	1,456	100.2%
Net Profit for the period attributable to members	1,456	100.2%
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	(0.9) 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	
 Chairman Tony Noun	 Managing Director Anthony Mankarios
Dated this 26th day of February 2021	

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

31 DECEMBER 2020

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 2020 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

During the period under review, despite Covid-19 lock-downs travel restrictions and border closures the group performed as follows.

	Dec-20	Dec-19	%	Note
Statutory Revenue	4,515,229	3,340,418	35.2%	i
Group Network Sales	7,627,224	4,868,361	56.7%	ii
Net Profit	1,456	(639,368)	100.2%	

Note

- Workstations was acquired 1 Nov-19 and for statutory reporting account for approximately \$195K in revenue from this acquisition in the period ended 31 December 2019.
- Group Network Sales includes 6 months 1H20 sales for all SBU's while sales for the acquisitions for Winya and Workstations occurred from their acquisition dates during the period ended 31 Decmebber 2019.

Half year Results Highlights

- Revenue (Statutory) growth of +35.2 %
- Group Network Sales Growth of +56.7 %
- EBITDA growth of +429 % (*post- AASB16*)
- NPAT growth of 100.2 %
- Vibe Furniture signs an acquisition term sheet with Emtek Furniture Pty Ltd and Designspace Furniture Pty Ltd
- Technology Division completes field tests on new ATWS – Automated Track Worker System
- Company unveils plans to pay down debt and improve share liquidity
- Improved dealer networks and sales to dealers with large national retailers coming onboard

The Company exceeded targets during this period, despite Covid-19 restrictions and border closures. The Federal Government's Jobkeeper program was of assistance to some of our subsidiaries, which facilitated our ability to retain our staff, while we reoriented the business in line with revenue.

Furniture Division 1H21

The Furniture Division which consists of quality brands like Gregory Commercial Furniture, Workstations, Bassett Furniture, Bevisco, Winya Indigenous Furniture achieved:

- Divisional Network Sales in Furniture \$6.9 million, which is 72% up on the same period last year;
- Achieved record 98%. Delivery in Full on (average 97%);
- Introduced cutting edge Designs and Patents with innovation technology
 - G-Smart™ Smart Chair technology with apps;
 - World first Wheelchair accessible work booths;
 - Project W- "Office Chair designed by women for everyone";
 - Won major preferred supplier into major NSW Government Departments, universities and TAFE; with
 - Sales Pipeline and Tenders are currently in excess of \$44.5 million.

Technology Division 1H21

Sales Revenue of \$0.7 Million is 17% down on last year. Impacted by delays in potential sales and contracts as a consequence of COVID-19, it is expected that a substantive increase will start once international restrictions ease. During this reporting period, we have:

- Finalised Field testing for the new ATWS – Automated Track Worker System;
- Negotiating MOU final stages with Major Rail client in UK and expects to announce plans for entry in the USA market;
- Design registered new innovations and Patent lodged in Australia and USA;
- Received FCCC approval for Emergency Alert systems with Man down capability; with
- Sales Pipeline and tenders are currently in excess of \$73.0 million.

Acquisition Announcement

Vibe Furniture Pty Ltd a wholly owned subsidiary of Inventis Limited, has announced a signed term sheet for the 100% acquisition of Queensland Companies Emtek and Designspace. The acquisition is due to complete in March 2021 subject to Due Diligence.

The Annual Revenue is Circa \$2 Million per annum with planned synergies to improve National Supply and access to innovative product.

The Company has a number of acquisitions in negotiation stages in its pipeline.

Pro-Rata Convertible Preference Share Raising

The Group previously announced that it plans to hold an Extra Ordinary General Meeting for shareholders to consider and if thought fit to approve the issue of pro-rata Convertible Preference Shares paying a Franked Dividend of approximately 6% pa.

The plan is to raise \$8 Million in this CPS to pay down debt and increase Working Capital. The proposed issue is being 50% underwritten by the THN Group. It is expected that the final Notice to Shareholders for the proposed EGM is expected to be issued in March-21.

Events Subsequent to Reporting Date

The company issued 3,100,000 ordinary shares to eligible staff as a bonus on the 18 January 2021.

Apart from the above there has not arisen in the interval between the end of the half year ended 31 December 2020 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 26th day of February 2021.

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 2020, 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, 26 February 2021

Inventis Limited
Consolidated Statement of Financial Position
As at 31 December 2020

	Note	31 Dec 2020	30 Jun 2020
Assets			
Cash and cash equivalents		533,528	556,937
Trade and other receivables		1,928,310	2,464,299
Inventories		2,098,627	1,961,537
Prepayments		73,534	15,495
Total current assets		<u>4,633,999</u>	<u>4,998,268</u>
Non-current assets			
Property, plant and equipment		137,934	154,646
Right of use assets	5	1,988,708	588,040
Investments accounted for using the equity method		211,728	98,908
Other financial assets		66,677	87,145
Intangible assets		3,398,242	3,400,746
Total non-current assets		<u>5,803,289</u>	<u>4,329,485</u>
Total Assets		<u>10,437,288</u>	<u>9,327,753</u>
Liabilities			
Trade and other payables		3,320,913	3,963,861
Interest-bearing liabilities	7	821,229	686,713
Lease Liability	7	644,227	358,530
Employee benefits		905,995	796,320
Provision for income tax		2,313	2,634
Total current liabilities		<u>5,694,677</u>	<u>5,956,996</u>
Non-current liabilities			
Interest-bearing liabilities	7	5,621,040	5,621,041
Lease Liability	7	1,456,267	294,610
Employee benefits		51,087	41,345
Total non-current liabilities		<u>7,128,394</u>	<u>5,956,996</u>
Total liabilities		<u>12,823,071</u>	<u>11,765,054</u>
Net (liabilities) / assets		<u>(2,385,783)</u>	<u>(2,437,301)</u>
Equity			
Share capital		34,565,293	34,515,293
Reserves		(1,078,158)	(1,078,221)
Accumulated losses		(35,872,918)	(35,874,373)
Total equity		<u>(2,385,783)</u>	<u>(2,437,301)</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 20120

	Note	31 Dec 2020	31 Dec 2019
Continuing Operations			
Revenue		4,515,229	3,340,418
Cost of Sales		(2,509,594)	(1,496,068)
Gross Profit		<u>2,005,635</u>	<u>1,844,350</u>
Other income /(expense)	4	1,179,976	26,338
Share of profits of associates accounted for using the equity method		62,820	3,513
Expenses			
Manufacturing and operations		(862,225)	(574,696)
Engineering and quality assurance		(73,682)	(102,131)
Administration		(1,005,395)	(840,541)
Sales and marketing		(952,662)	(876,716)
Impairment of Goodwill		-	-
Results from operating activities		<u>354,467</u>	<u>(519,883)</u>
Finance Income		16,172	7,306
Finance expense		(369,183)	(126,791)
Net Finance expense		<u>(353,011)</u>	<u>(119,485)</u>
Profit / (Loss) before income tax		<u>1,456</u>	<u>(639,368)</u>
Income tax benefit		-	-
Profit / (Loss) for the period		<u>1,456</u>	<u>(639,368)</u>
Other Comprehensive income			
Foreign currency translation differences for foreign operations		62	86
Other comprehensive income for the period, net of income tax		<u>62</u>	<u>86</u>
Total comprehensive Profit / (loss) for the period		<u>1,518</u>	<u>(639,282)</u>
Loss per share		Cents	Cents
Basic profit / (loss) per share		0.0	(0.09)
Diluted profit / (loss) per share		0.0	(0.09)
Continuing operations			
Basic profit / (loss) per share		0.0	(0.09)
Diluted profit / (loss) per share		0.0	(0.09)

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 2020

	Issued Capital	Translation Reserve	Accumulated Losses	Total Equity
Balance As at 1 July 2019	33,603,584	(1,095,799)	(35,581,569)	(3,073,784)
Total comprehensive income for the period				
(Loss) for the period	-	-	(639,368)	(639,368)
Other comprehensive income				
Foreign currency translation differences for foreign operations	-	86	-	86
Total other comprehensive income for the period	-	86	-	86
Total comprehensive (loss) for the period	-	86	(639,368)	(639,282)
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Issue of Ordinary shares	372,887	-	-	372,887
Shortfall application monies received in advance of share issue	304,674	-	-	304,674
Share based payments	-	11,669	-	11,669
Share Issue costs	(13,222)	-	-	(13,222)
Total Contributions by and distributions to owners	664,339	11,669	-	676,008
Total Transactions with owners recorded directly in equity	-	-	-	-
- Other	-	-	(1)	(1)
Balance as at 31 December 2019	34,267,923	(1,084,044)	(36,220,938)	(3,037,059)
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	-	86
Total other comprehensive income for the period	-	62	-	86
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	-	1	(1)	-
- Other	-	1	(1)	-
Balance as at 31 December 2020	34,565,293	(1,078,158)	(35,872,918)	(2,385,783)

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 2020

	31 Dec 2020	31 Dec 2019
Note		
Cash flows from operating activities		
Receipts from customers	5,691,896	4,109,449
Receipts from Government Grants	920,100	-
Payments to suppliers and employees	<u>(6,199,212)</u>	<u>(4,869,409)</u>
Cash generated / (used in) from operations	412,784	(759,960)
Interest received	725	1,797
Interest paid	<u>(369,183)</u>	<u>(122,090)</u>
Net cash from / (used in) operating activities	<u>44,326</u>	<u>(880,253)</u>
Cash flows from investing activities		
Purchase of fixed assets	(9,073)	(17,975)
Proceeds from the realisation of other non-current assets	19,500	-
Purchase of investments		(2)
Net cash generated / (used in) investing activities	<u>10,427</u>	<u>(17,977)</u>
Cash flows from financing activities		
Net Proceeds from rights offer	-	664,339
Proceeds from borrowings	342,200	954,213
Repayment of borrowings	(207,684)	(549,926)
Payment of lease liabilities	<u>(212,678)</u>	<u>-</u>
Net cash (used in) / generated from financing activities	<u>(78,162)</u>	<u>1,068,626</u>
Net (decrease) / increase in cash and cash equivalents	(23,409)	170,396
Cash and cash equivalents at 1 July	<u>556,937</u>	<u>425,391</u>
Cash and cash equivalents at 31 December	<u>533,528</u>	<u>595,787</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 2020

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 2020 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 2020 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 2020 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 26th February 2021.

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 2020.

• 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 2020.

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 2020

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.

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INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2020

NOTE 4: Operating Segments continued

	Furniture Division		Technology Division		Total	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Total revenue	3,915,576	2,500,813	692,980	839,605	4,608,556	3,340,418
Inter-segment revenue	(93,327)	-	-	-	(93,327)	-
Interest revenue	701	239	-	-	701	239
Interest expense	(72,731)	(161,196)	(23,573)	(14,530)	(96,304)	(175,726)
Depreciation	(79,051)	(33,997)	(826)	(976)	(79,877)	(34,973)
Amortisation	(1,869)	(495)	(635)	(1,814)	(2,504)	(2,309)
Shared Services cost allocations ⁱ	(279,362)	-	(129,686)	-	(409,048)	-
Payroll costs re-allocated ⁱ	(1,535,576)	-	(526,749)	-	(2,062,325)	-
Reportable segment profit before income tax	(45,554)	1,116,818	(76,705)	592,471	(122,259)	1,709,289
Other material items						
		30 June 2020		30 June 2020		30 June 2020
Reportable segment assets	14,592,737	15,068,142	8,020,978	9,389,510	22,613,715	24,457,652
Reportable segment liabilities	(2,563,802)	(5,354,542)	(245,364)	(435,848)	(2,809,166)	(5,790,390)

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 2020

NOTE 4: Operating Segments continued

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

	31 Dec 2020	31 Dec 2019
Revenues		
Total revenue for reportable segments	4,608,556	3,340,418
Elimination of inter-segment revenues	(93,327)	-
Corporate revenues	-	-
Consolidated revenue from continuing operations	<u>4,515,229</u>	<u>3,340,418</u>
Profit or Loss		
Total profit for reportable segments	(122,259)	1,709,289
Share services Payroll	452,092	(1,684,788)
Shared services facilities	(49,813)	(389,002)
Shared services corporate and unallocated amounts	(278,564)	(274,867)
Consolidated (loss) / profit before income tax from continuing operations	<u>1,456</u>	<u>(639,368)</u>
	31 Dec 2020	30 Jun 2020
Assets		
Total assets for reportable segments	22,613,715	24,457,652
Cash and equivalents held in shared services	446,874	415,471
Shared services fixed assets	15,246	28,324
Share services leased assets	1,639,430	184,509
Shared services intangible assets	1,603,958	1,607,492
Eliminations and other share service assets	(15,881,935)	(17,365,695)
Consolidated total assets	<u>10,437,288</u>	<u>9,327,753</u>
Liabilities		
Total liabilities for reportable segments	(2,809,166)	(5,790,390)
Interest bearing liabilities held in shared services	(5,835,241)	(5,621,041)
Shared services lease liabilities	(1,732,211)	(653,140)
Eliminations and other shared service liabilities	(2,446,453)	299,517
Consolidated total liabilities	<u>(12,823,071)</u>	<u>(11,765,054)</u>

	Reportable Segment Totals	Shared Services	Consolidated Totals
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)

Other material items 2019

Interest revenue	239	1,558	1,797
Interest expense	(175,726)	53,636	(122,090)
Depreciation	(34,973)	(276,187)	(311,160)
Amortisation	(2,309)	-	(2,309)

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2020

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 2020)	Non-current assets (31 Dec 2020)	Revenues (31 Dec 2019)	Non-current assets (30 Jun 2020)
Australia	4,515,229	5,803,289	3,340,418	4,329,485

Note 5: Property Plant and Equipment

Acquisitions and disposals – Continuing Operations

During the six months ended 31 December 2020 \$9,073 of Group assets were acquired (2019: \$17,975)

Right of Use Asset

During the six months ended 31 December 2020 the Group entered into a 3.5-year lease extension on its premises at Eastern Creek that resulted in a recording of a Right of Use Asset to the value of \$1,674,944.

Note 6: Impairment Testing

Gregory Commercial Furniture

As at 30 June 2020 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 \$6,745,263 (as at 30 June 2020 this was \$5,986,606).

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 2020	30 Jun 2020
Revenue growth in approved forecast for year ended 30 June 2021	3.7%	6.0%
Revenue growth in approved forecasts for year ended 30 June 2022	71.0%	67.1%
Annual average revenue growth per annum 2023– 2024	5.0%	5.0%
Inflation per annum	3.0%	3.0%
Cost growth per annum 2022-2025	3.0%	3.0%
Pre-tax discount rate	18.6%	18.6%

The Furniture Division's anticipated improved revenue growth will be impacted through the implementation of the Group's three-year strategic plan which includes:

- a. The full year trading of its acquired subsidiaries Workstations Pty Ltd and Basset Furniture Pty;
- b. The return to normal trading patterns in the financial year ended 30 June 2022; and
- c. The 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 2020

Note 6: Impairment Testing (continued)

Inventis Technology

As at 30 June 2020 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 \$5,506,462 (as at 30 June 2020 this was \$4,693,150).

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 2020	30 Jun 2020
Revenue growth in approved forecast for year ended 30 June 2021	41.9%	78.5%
Revenue growth in approved forecasts for year ended 30 June 2022	40.2%	11.5%
Annual average revenue growth per annum 2023– 2024	5.0%	5.0%
Inflation per annum	3.0%	3.0%
Cost growth per annum 2022-2025	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 2020:

	Currency	Interest Rate %	Carrying Amount	Year of maturity
Balance as 30 June 2020			6,960,894	
<i>Proceeds</i>				
Related Party Loans		5.0%	342,200	2021
Net AASB 16 Lease Liabilities		4.14-4.86%	1,665,304	2023
<i>Repayments</i>				
Net Debtors invoice finance	AUD	9.3-11.75%	(79,684)	On-going
Related Party Loan	AUD		(128,000)	
AASB 16 Lease payments			(212,678)	
Balance as 31 December 2020			<u>8,548,036</u>	

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2020

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 2020, the Group recorded a profit from continuing operations of \$1,456 (2019: loss of \$639,368). The Group also incurred net cash outflows from operating activities of \$168,352 an improvement of \$701,901 for the same period last year (2019: \$880,253). Net cash inflows from financing activities for the half year ended 31 December 2020 was \$134,516 which was lower than the inflows for same period last year by \$934,110 (2019: \$1,068,626).

As at 31 December 2020, the Group's current liabilities exceeded its current assets by \$1,033,807, as opposed to current liabilities exceeding current assets by \$958,728 as at 30 June 2020. This has been impacted by the recognition of current liabilities for leases as required by AASB16 of \$638,555 as at 31 December 2020 (as at 30 June 2020, the current lease liabilities were \$358,530). Taking this item into account, the current liabilities would have exceeded current assets by \$395,252 as at 31 December 2020, a decrease in net current liabilities by \$205,126 since 30 June 2020.

The ability of the Group to continue as a going concern is dependent on it generating adequate cash from operations to meet its liabilities as and when they fall due and raising additional equity or loan financing as and when required. In addition, to having due regard to the recoverable amounts of the cash generating units of the Group which are materially positive.

These circumstances represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, whether the Group will realise its assets and discharge its liabilities in the normal course of business at the amounts recorded in the financial statements.

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:

- The Group is in the process of discussion with THN Capital Solutions Pty Limited ('THN'), a related party of the Group, about on-going facilities that would include a convertible preference share issue. THN has agreed in principle to underwrite an issue of convertible preference shares or a similar instrument in the range up to \$4 million. These discussions are well under way and the Group anticipates that this capital raising from convertible preference shares or a similar instrument will be undertaken by the end of the current financial year. The funds are primarily designed to repay debt and fortify the Company's capital structure to ensure it is correctly positioned for its future growth.

The Group has also now received an irrevocable letter of intent from the financier confirming their desire to complete the capital raise (subject to agreement of terms) during this timeframe;

- 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 2021 and the full financial year ended 30 June 2022. 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 Board notes that the reporting period involved significant State and local Covid-19 generated lockdowns which impacted sales as many organisations found their businesses in lockdown. As long as the Australian economy continues its recovery from the impacts of Covid on the business environment a cautious but optimistic outlook over the next 6-12 months is planned.

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2020

NOTE 8: Going Concern continued

- 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 2020:

- A debtor finance facility of \$7,200,000 with THN which was drawn to the value of \$607,029 as at balance date. Based upon the Group's debtors, an amount of \$1,259,324 was available to be drawn as at 31 December 2020, with total potential additional funding available under this facility of \$400,430 as at 31 December 2020; and
- A term loan facility with THN of \$5,600,000, which was drawn to \$5,621,041 at balance date which included amounts of interest accruals totalling \$56,846 and thereby reducing the drawn amount to \$5,564,195. As at 31 December 2020, the Group was not in breach of certain loan covenants under facilities in place with THN; and
- Temporary customer purchase order funding is available to cover specific purchase orders on a case by case basis.

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.

If the Group is unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments for internally generated business goodwill or relating to the recoverability and classification of recorded asset carrying amounts and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they become due and payable.

INVENTIS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2020

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 \$326,682 (2019: \$278,907), purchased information technology services of \$4,061 (2019: \$4,808), repaid \$79,684 (2019: obtained a loan \$954,213 and repayments of \$247,192) 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 \$1,278 (2019: nil), obtained an additional loan \$232,200 and repaid \$103,000 (2019: nil) 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.

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

The company issued 3,100,000 ordinary shares to eligible staff as a bonus on the 18 January 2021.

Apart from the above there has not arisen in the interval between the end of the half year ended 31 December 2020 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 2020


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 2020 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 26th day of February 2021

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 2020, 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 2020 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.

Material uncertainty relating to going concern

We draw attention to Note 8 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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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 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 Company's financial position as at 31 December 2020 and its 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
Ryan Pollett

Ryan Pollett
Director

Sydney, 26 February 2021

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