

General Operational Review

During the quarter ended 31 Dec 2023: -

Key points

- Company Sales from operations up +7% YOY for 1H24.
- Cost reduction plan on track to deliver annualised savings of over \$1.5M from F24.
- Major Opentec Solutions supply contracts of \$6.4 million confirmed starting in 2H24.
- Head office move now confirmed to reduce premises cost.
- Company debt to be reduced by the sale and lease back of the Matraville property by up to \$2.1 Million.
- Hazavoid USA expansion plans takes another positive step forward with Texas Education Agency approving our local Company as an approved vendor.

-
- The consolidated cash balance stood at \$642K, with a \$192K generated from operations and \$333K net loan facilities paid down. Additionally, our unused finance facilities stood at \$7.576 million as of 31 December 23.
 - Sales across the Technology Division were robust in the 1H24 with a year-on-year growth of 62.1% (YOY) for 2H24, fuelled by Opentec triple-digit growth of 332%.
 - The Company raised capital through a Convertible Note Issue. The Directors took up their allotments which were approved at the 2023 AGM held on 15 December to a total of \$600K. The objective of raising a total \$4 Million is currently being worked on following the Christmas shut down period.
 - The Company notified the market that it plans to move from the current Eastern Creek Head Office. It has now signed a Heads of Agreement to move to a stand-alone facility at Arndell Park NSW, only a few minutes away from the current location. There is a significant rent reduction with this plan, we are still looking at an ongoing overall annualised saving of Circa \$500,000 pa.
 - At the 2023 AGM held on 15 December, new Audit Services with PKF (NS) Audit & Assurance was ratified with a planned annualised savings achieved for F24.
 - The cost reduction plan put forward by management continues with a raft of additional initiatives aimed at better aligning costs with planned revenue and enhancing returns to Shareholders.
 - Currently our IT systems and Software is being upgraded to a cloud based operational platforms and reduce ongoing management costs overall with integrated systems across all sales departments.
 - The Matraville property has been sold with options of a total 15-year lease back which effectively reduces debt by up to \$2.1 Million and produces a gain from the purchase book price close to \$1M. This also reduces our interest burden and is a better monthly cashflow outcome.
 - The Company has now received confirmation of new Opentec orders to a total \$6.4 million for deliverables over the next 12 months.
 - Gregory Commercial Furniture has now entered into an access and licences agreement with receivers of the premises operated by the GDK Group companies that went into receivership in late December 2023. We have undertaken work orders for GCF with two confirmed contracts totalling up to \$1.9

million, staff have been employed on a project-based fixed term contract with sales based on a cost-plus basis for one of the two projects and a fixed price on a project basis on the other.

- Whilst the Furniture Division's Revenue was somewhat subdued in 1H24 and down on last year's record sales, a large volume of tenders is currently being submitted and we are currently working on large tenders in 2024, a large QLD based Furniture contract for GCF, and its associates is currently being submitted along with large potential future pipeline opportunities with Opentec for Australian Defence.
- The USA expansion plans were released to the market in late Dec-23 and we confirm that a Limited Liability Company has now been established in Texas 'Hazavoid LLC TX'. This is by far one of the most exciting opportunities the company has initiated and has a potential to significantly change the company's future. Plans announced are aligned with the Capital Management solutions provided at the AGM.
- Hazavoid LLC TX has now been formally recognised as an approved vendor by the Texas Education Agency. This allows us to supply accredited products and sell to all state educational facilities. Hazavoid is also establishing additional distribution network in the Midwest USA.
- Hazavoid has successfully submitted Government grant submissions for \$1.5 million for Hazavoid to trial a NSW bushfire alert concept, the results of which shall be known in June 24.
- Our Winya 49% associate has also successfully bid for large tenders due to start in 2H24.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Inventis Limited

ABN

40 084 068 673

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		3,407	9,116
1.2 Payments for			
(a) research and development		(8)	(10)
(b) product manufacturing and operating costs		(699)	(3,323)
(c) advertising and marketing		(11)	(19)
(d) leased assets		(186)	(365)
(e) staff costs		(1,766)	(3,371)
(f) administration and corporate costs		(114)	(472)
1.3 Dividends received (see note 3)			
1.4 Interest received		21	22
1.5 Interest and other costs of finance paid		(452)	(921)
1.6 Income taxes paid		0	0
1.7 Government grants and tax incentives		0	13
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		192	670
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		(66)	(66)
(c) property, plant and equipment		3	(1)
(d) investments		-	-
(e) intellectual property		(9)	(9)
(f) other non-current assets		-	-
2.2 Proceeds from disposal of:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		-	-
(d) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(72)	(76)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	300
3.2	Proceeds from issue of convertible debt securities	600	600
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	(334)	2,316
3.6	Repayment of borrowings	(599)	(4,115)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(333)	(899)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	855	947
4.2	Net cash from / (used in) operating activities (item 1.9 above)	192	670
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(72)	(76)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(333)	(899)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	642	642

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	642	855
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	642	855

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1:	
Interest on related party borrowings THN Facilities	339
Interest - Director's loans Starball Pty Ltd	9
Directors' fees	62
Total Payments	410
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

<div>7.</div> <div>Financing facilities</div> <div><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></div> <div><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></div>	<div>Total facility amount at quarter end</div> <div>\$A'000</div>	<div>Amount drawn at quarter end</div> <div>\$A'000</div>																																			
<div>7.1</div> <div>Loan facilities</div>	9,250	8,337																																			
<div>7.2</div> <div>Credit standby arrangements</div>	-	-																																			
<div>7.3</div> <div>Other (please specify)</div> <div>Invoice Financing including purchase order financing</div> <div>Working Capital short term funding – 1</div> <div>Working Capital short term funding – 2</div>	<div>7,200</div> <div></div> <div>288</div> <div>475</div>	<div>537</div> <div></div> <div>288</div> <div>475</div>																																			
<div>7.4</div> <div>Total financing facilities</div>	17,213	9,637																																			
<div>7.5</div> <div>Unused financing facilities available at quarter end</div>		7,576																																			
<div>7.6</div> <div>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</div>																																					
<table><tr><td>Type</td><td>Security</td><td>Lender</td><td>Interest Rate</td><td>Maturity Date</td></tr><tr><td>Loan</td><td>Secured</td><td>THN Credit Acceptance Pty Ltd</td><td>10.00%</td><td>1 July 2025</td></tr><tr><td>Mortgage</td><td>Secured</td><td>THN Property Fund Pty Ltd</td><td>10.00%</td><td>1 July 2025</td></tr><tr><td>Debtor Factoring</td><td>Secured</td><td>THN SPV1 Pty Ltd</td><td>10.42%</td><td>Ongoing</td></tr><tr><td>Purchase Funding</td><td>Secured</td><td>THN SPV1 Pty Ltd</td><td>10.42%</td><td>Ongoing</td></tr><tr><td>Working capital - 1</td><td>Unsecured</td><td>Starball Pty Ltd</td><td>9.50%</td><td>Ongoing</td></tr><tr><td>Working capital - 2</td><td>Secured</td><td>THN Property Fund Pty Ltd</td><td>15.67%</td><td>29/06/2024</td></tr></table>			Type	Security	Lender	Interest Rate	Maturity Date	Loan	Secured	THN Credit Acceptance Pty Ltd	10.00%	1 July 2025	Mortgage	Secured	THN Property Fund Pty Ltd	10.00%	1 July 2025	Debtor Factoring	Secured	THN SPV1 Pty Ltd	10.42%	Ongoing	Purchase Funding	Secured	THN SPV1 Pty Ltd	10.42%	Ongoing	Working capital - 1	Unsecured	Starball Pty Ltd	9.50%	Ongoing	Working capital - 2	Secured	THN Property Fund Pty Ltd	15.67%	29/06/2024
Type	Security	Lender	Interest Rate	Maturity Date																																	
Loan	Secured	THN Credit Acceptance Pty Ltd	10.00%	1 July 2025																																	
Mortgage	Secured	THN Property Fund Pty Ltd	10.00%	1 July 2025																																	
Debtor Factoring	Secured	THN SPV1 Pty Ltd	10.42%	Ongoing																																	
Purchase Funding	Secured	THN SPV1 Pty Ltd	10.42%	Ongoing																																	
Working capital - 1	Unsecured	Starball Pty Ltd	9.50%	Ongoing																																	
Working capital - 2	Secured	THN Property Fund Pty Ltd	15.67%	29/06/2024																																	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	192
8.2 Cash and cash equivalents at quarter end (item 4.6)	642
8.3 Unused finance facilities available at quarter end (item 7.5)	7,576
8.4 Total available funding (item 8.2 + item 8.3)	8,218
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	42.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024



Authorised by: Ben Xu (Jia Lin Xu)
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.