
ANNOUNCEMENT TO THE ASX – 26 November 2021

Inventis Limited [ASX: IVT] – Acquisition Funding Program

Further to today's Annual General Meeting, we confirm that Inventis Limited engaged PwC to arrange finance to facilitate the group's acquisition programme.

As at today, preliminary expressions of interest to fund the programme have been received. We are working with PwC to engage with interested parties, which are expected to be announced in line with any heads of agreement reached in the planned M&A program.

For further details, please refer attached brief synopsis.

Contacts

media@inventis.com.au

Ph: 02 8808 0440

Executive Summary

Background

- Inventis Limited (“**Inventis**” or the “**Group**”) comprises two divisions being commercial furniture and technology. The Group was originally listed on the ASX in 1999 and has the ASX ticker of “IVT”. It has two main divisions Commercial Furniture and Technology.
- Inventis’ commercial furniture division designs, manufactures, sells and markets furniture in Australia, under a number of leading brands including Gregory, Bevisco, Bassett, Winya and Workstations. It owns unique designs and patents for ergonomic seating technology.
- Using Inventis as the platform, management is pursuing an aggregation strategy to create a significant player in the commercial furniture sector across Australia.
- Two NBIOs have been signed. Assuming both businesses are acquired, as a merged entity, revenues will be circa \$38m and EBITDA around \$7m FY22 (this does not include associates and off shore subsidiaries of the Group which will total approximately \$20m).

Acquisition Targets / Strategic Rationale

- The key acquisition targets include leading wholesalers of quality ergonomic seating with an FY22(F) revenue of \$24m.
- Strategic rationale behind the aggregation strategy is as follows:
- Creates the number 4 player in the total market;
 - Wider product suite and greater channel coverage:
 - Business / B2B with a focus on health, government and education sectors; and
 - Consumer channels.
 - Cost and revenue synergies – removal of duplicated costs, greater buying power and ability to cross-sell a complete product suite (covers high to low price points / brands);
 - Low integration risk, Inventis management team has an established track record on M&A / integration;
 - The key acquisition management is retained and incentivised to continue its strong growth; and
 - A staged purchase price / earn-out structure for key acquisition is planned to minimise acquisition / performance risk.

Financing Requirement

- Inventis is seeking to raise up to \$26m in senior debt facilities to assist in funding:
 - The acquisitions combined circa \$15m day 1 purchase price; followed by staged tranche and earn-out payments over two years;
 - Related transaction costs; and
 - Undrawn lines for working capital / capex.
- The Group is seeking to receive indicative terms by end of November 2021.
- Management provides this update to shareholders, and would like to be in a position shortly after that to provide an update on the Target Acquisitions and subsequently to commence due diligence and the equity fund raising component.

Group Strategy

Increase market share

The Australian commercial furniture market has grown to over c. \$1.2B which encompasses task seating, executive seating, board room tables and chairs, work stations and desks, visitor and drafting seating as well as soft seating, lounges and booths. Inventis wish to expand into the sector via a combination of organic (utilising innovative designs and patents) and inorganic (acquisitions) growth.

Seek out strategic partnership opportunities

The Group will continue to seek partnering opportunities like it has with Wilkhahn Furniture, Safety Culture (iauditor-app) and various national and international dealers. It is important to build up partnering across various segments with specific product from our growing ranges most suited to re-sellers.

Maintain innovation and development

The Group has established credibility with previous Gregory patent technology advancements, now seeking to harness this momentum and further drive developments in the furniture and technology markets. This is further exemplified by the collaborative work between Inventis' two main operating divisions, and encapsulated in products such as G-Smart 'Smart Chair'.

Continue Australian made / manufactured focus

Following extensive supply chain disruptions caused by COVID-19, the Group intends to prioritize onshore manufacturing capabilities and reduce it's reliance on external parties. The Group seeks to leverage the market-driven demand for locally procured products and services with consumers willing to assist Australian businesses and actively seek out certain products to 'Buy Australian'. These sentiments also apply to Indigenous Supply Nation accredited products, of which Winya (49% owned) is known for in the market.

Debt Funding – Draft Term Sheet

Borrower	Inventis Limited
Facility & amount	<p>A\$20.0m senior secured facility (“Facility”)</p> <ul style="list-style-type: none"> • A\$14.5m for acquisitions and transaction costs • A\$4.0m for acquisitions and transaction costs (can only be drawn in relation to the 13 month committed payment) • A\$1.5m for general purpose, working capital and capex
Term	3 to 5 years
Documentation structure	<p>Facility Agreement (“FA”):</p> <ol style="list-style-type: none"> 1. Standard corporate debt facility covering representations and warranties, undertakings, negative pledge, financial covenants and events of default 2. Key commercial terms, conditions precedent, margin, fees and mechanical provisions for each tranche under the Facility in a facility agreement between the Borrower and the relevant Financier; option to allow additional/new financiers to participate in the same structure in the future during the term of the Facility
Purpose	Refinance of existing indebtedness, acquisitions and other bolt-ons acquisitions / capex, and general working capital for the Group
Pricing	Pricing Matrix based on Net Leverage Ratio ratio pricing matrix
Security	GSA over IVT; including security over the IVT shares in the any associated Joint Venture
Covenants	<p>Net Leverage Covenant (Net Debt / EBITDA) to be agreed</p> <p>Interest Cover Ratio = EBITDA / Interest Expenses to be agreed</p>

Indicative Timetable

Key Events	Target Dates (2021/2022)
NDA's executed by lenders	Week of 15 November
Draft term sheet to be provided to interested parties	Week of 15 November
Management presentations	18/19 November (Thursday/Friday)
Lenders to review information and provide indicative appetite / feedback to proceed	23 November (Tuesday)
Indicative Feedback Due	24 November (Wednesday)
Inventis AGM	26 November (Friday)
Term sheet negotiations / discussions	December
Selection of preferred financiers	December
Target Due Diligence	Mid-January to February
Lender credit approvals and documentation	February to March
Financial Close	March