



INVENTRONICS LIMITED

2024 THIRD QUARTER

UNAUDITED FINANCIAL STATEMENTS

For the periods ended September 30, 2024 and 2023

INVENTRONICS LIMITED

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

<i>As at</i> <i>(in thousands)</i>	September 30 2024 Unaudited	December 31 2023 Audited
ASSETS		
Current		
Cash	\$ 888	\$ 933
Trade and other receivables <i>[Note 6]</i>	937	574
Inventories <i>[Note 7]</i>	807	1,020
Income taxes recoverable	-	301
Other current assets	57	33
	2,689	2,861
Non-current		
Property, plant and equipment	3,268	3,234
Total Assets	\$ 5,957	\$ 6,095
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables <i>[Note 9]</i>	\$ 731	\$ 433
Current portion of long-term debt <i>[Note 10]</i>	183	174
	914	607
Non-current liabilities		
Deferred tax liabilities	237	237
Long-term debt <i>[Note 10]</i>	2,298	2,437
Total Liabilities	3,449	3,281
Shareholders' equity		
Share capital <i>[Note 11]</i>	1,337	1,337
Contributed surplus	365	364
Retained earnings	806	1,113
Total Shareholders' Equity	2,508	2,814
Total Liabilities and Shareholders' Equity	\$ 5,957	\$ 6,095

See accompanying notes

INVENTRONICS LIMITED
FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
Unaudited

<i>For the three months ended September 30</i> <i>(in thousands, except per share amounts)</i>	Three months		Nine months	
	2024	2023	2024	2023
Revenue	\$ 1,604	\$ 1,463	\$ 4,981	\$ 7,900
Cost of sales <i>[Note 7]</i>	1,402	1,415	4,163	6,113
Gross profit	202	48	818	1,787
Selling and administration expense	133	150	488	907
Interest expense	26	27	84	81
Earnings, before income tax	43	(129)	246	799
Income tax	12	(35)	66	223
Net earnings and comprehensive income	\$ 31	\$ (94)	\$ 180	\$ 576
Basic earnings per share <i>[Note 12]</i>	0.6¢	(1.9)¢	3.7¢	11.8¢
Diluted earnings per share <i>[Note 12]</i>	0.6¢	(1.9)¢	3.7¢	11.5¢

See accompanying notes

INVENTRONICS LIMITED
FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
Unaudited

<i>For the periods ended September 30</i> <i>(in thousands)</i>	Three months		Nine months	
	2024	2023	2024	2023
OPERATING ACTIVITIES				
Net earnings (loss)	\$ 31	\$ (94)	\$ 180	\$ 576
Add:				
Interest on long-term debt	32	26	107	80
Depreciation	54	50	152	139
Other items not involving cash	-	20	1	62
	117	2	440	857
Changes in non-cash working capital balances <i>[Note 13]</i>	119	839	425	1,052
Cash provided by operating activities	236	841	865	1,909
FINANCING ACTIVITIES				
Repayment of long-term debt <i>[Note 10]</i>	(44)	(16)	(130)	(44)
Issuance of long-term debt <i>[Note 8]</i>	-	650	-	650
Interest on long-term debt	(32)	(26)	(107)	(80)
Dividends paid	-	-	(487)	(584)
Issuance of share capital <i>[Note 11]</i>	-	-	-	54
Cash (used) by financing activities	(76)	608	(724)	(4)
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(92)	(152)	(186)	(980)
Cash (used) by investing activities	(92)	(152)	(186)	(980)
Increase (decrease) in cash and cash equivalents	68	1,297	(45)	925
Cash and cash equivalents, beginning of the period	820	7	933	379
Cash and cash equivalents, end of the period	\$ 888	\$ 1,304	\$ 888	\$ 1,304

See accompanying notes

INVENTRONICS LIMITED
FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
Unaudited

<i>(in thousands)</i>	Share capital	Contributed surplus	Retained Earnings	Total Shareholders ' equity
Balance, December 31, 2022	\$ 1,266	\$ 298	\$ 1,328	\$ 2,892
Exercise of options	71	(17)	-	54
Option expense	-	62	-	62
Dividend paid	-	-	(584)	(584)
Net earnings, nine months ended September 30, 2023	-	-	576	576
Balance, September 30, 2023	\$ 1,337	\$ 343	\$ 1,320	\$ 3,000
<hr/>				
Balance, December 31, 2023	\$ 1,337	\$ 364	\$ 1,113	\$ 2,814
Option expense	-	1	-	1
Dividend declared	-	-	(487)	(487)
Net earnings, nine months ended September 30, 2024	-	-	180	180
Balance, September 30, 2024	\$ 1,337	\$ 365	\$ 806	\$ 2,508

See accompanying notes

INVENTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended September 30, 2024 and 2023

Unaudited

1. DESCRIPTION OF BUSINESS

Inventronics Limited ("Corporation"), a corporation publicly traded on the TSX Venture Exchange under the symbol IVX is an individual entity incorporated in Alberta, Canada that is not part of any group of other entities. The Corporation, with its operations located in Brandon, Manitoba, designs and manufactures protective enclosures and related products for the telecommunications, electric transmission, cable, energy and other industries in North America.

2. DATE OF AUTHORIZATION FOR ISSUE

The Corporation's financial statements were authorized for issue on November 21, 2024 by the Corporation's Board of Directors.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements of the Corporation have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") *International Accounting Standard ("IAS") 34 Interim Financial Reporting* using accounting policies and methods applied in the preparation of the Corporation's audited annual financial statements for the year ended December 31, 2023. As such, these interim financial statements do not include all disclosures with respect to the requirements under IFRS for annual financial statements and thus should be read in conjunction with the Corporation's 2023 audited annual financial statements. The accounting principles applied are on the basis that the Corporation is a going concern, which assumes that the Corporation will continue operations into the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Management routinely plans future activities including forecasting cash flows using detailed projections that are based in part on historical experience as well as anticipated revenue and profit streams. All amounts in these financial statements are reported in Canadian dollars unless specifically stated to the contrary.

4. ADOPTION OF NEW ACCOUNTING STANDARDS

Accounting pronouncements that became effective during the period covered by these unaudited interim financial statements did not have a material impact on the Corporation's reporting. Likewise, accounting pronouncements issued, but not effective until after September 30, 2024, are not expected to have a material impact on the Corporation's financial statements.

5. FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

The Corporation's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and long-term debt. The carrying values of these assets and liabilities are considered to approximate fair value due to the short-term maturity of these items or, in the case of long-term debt, due to the market interest rate attached to the long-term debt. Cash and cash equivalents and bank indebtedness are disclosed at fair value under Level 1 of the fair value hierarchy. Trade and other receivables, trade and other payables, and long-term debt are disclosed at fair value under Level 2.

6. TRADE AND OTHER RECEIVABLES

<i>As at</i> <i>(in thousands)</i>	September 30 2024	December 31 2023
Trade receivables	\$ 937	\$ 574

At September 30, 2024, based on management's review, no provision for doubtful accounts was recorded (2023 - \$Nil).

7. INVENTORIES

<i>As at</i> <i>(in thousands)</i>	September 30 2024	December 31 2023
Raw materials	\$ 722	\$ 963
Work-in-progress	56	27
Finished goods	29	30
	\$ 807	\$ 1,020

For the nine months ended September 30, 2024, the Corporation expensed inventory costs of \$1,078 (September 30, 2023 - \$1,049) through cost of sales. At September 30, 2024, the provision for net realizable value was \$44 (December 31, 2023 - \$44).

INVENTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended September 30, 2024 and 2023

Unaudited

8. BANK CREDIT FACILITIES

The Corporation maintains a demand operating credit facility in the form of an overdraft lending account which provided an authorized limit of \$1,200 with an interest rate of prime plus 0.90% (December 31, 2023 – prime plus 0.90%) for an effective rate of 7.35% (December 31, 2023 – 8.10%). At September 30, 2024, an amount of \$1,200 under this facility was available, of which \$Nil was drawn (September 30, 2023 - \$1,200 available and \$Nil was drawn). The credit facility does not contain any financial covenants and is secured by a general security agreement over accounts receivable and inventory. The Corporation also has an equipment financing facility in the amount of \$1,500 (December 31, 2023 - \$3,000), to be used when necessary to finance equipment additions.

9. TRADE AND OTHER PAYABLES

<i>As at</i> <i>(in thousands)</i>	September 30 2024	December 31 2023
Trade payables and other accrued expenses	\$ 526	\$ 302
Payroll accruals	178	115
Government remittances payable	27	16
	\$ 731	\$ 433

10. LONG-TERM DEBT

<i>As at</i> <i>(in thousands)</i>	September 30 2024	December 31 2023
Fixed rate mortgage bearing interest of 5.25% until April 2034; maturing in 2043; repayable monthly in blended principal and interest installments of \$14; secured by a first mortgage on the Corporation's manufacturing facility and land in Brandon, Manitoba, a general security agreement providing a security interest in all of the Corporation's present and after acquired personal property but accepting a subordinate position to all existing registered charges.	\$ 1,943	\$ 1,989
Fixed rate equipment loan bearing interest of 7.5% and maturing in September 2028; repayable monthly in blended principal and interest installments of \$13; secured by a first claim on the net book value of the financed equipment.	538	622
	2,481	2,611
Less: current portion	183	174
Long-term portion of long-term debt	\$ 2,298	\$ 2,437

Although containing general performance conditions, the loan agreements do not contain any financial covenants that must be periodically tested. The Corporation is in compliance with all obligations pertaining to these agreements.

11. SHARE CAPITAL

An unlimited number of common shares, with no par value, are authorized for issue. The authorized, issued and outstanding common shares of the Corporation, which are fully paid, are as follows:

<i>For the</i> <i>(dollar amounts in thousands)</i>	Nine months ended September 30, 2024		Twelve months ended December 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Outstanding, beginning of period	4,871,145	\$ 1,337	4,838,145	\$ 1,266
Options exercised	-	-	33,000	71
Outstanding, end of period	4,871,145	\$ 1,337	4,871,145	\$ 1,337

Stock option plan

Inventronics maintains a stock option plan providing the Corporation the ability to grant options to employees and directors to purchase one common share of the Corporation per option. At September 30, 2024, there were 50,000 options outstanding with an exercise price of \$1.65 per share (December 31, 2023 – 384,000). In the first quarter of 2024, there were 334,000 options rescinded by certain directors of the Corporation and there has been no other activity related to the Corporation's stock option plan since September 30, 2024.

INVENTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended September 30, 2024 and 2023

Unaudited

Dividend

In the second quarter of 2024, the Corporation's Board of Directors ("Board") declared a special dividend of \$0.10 per share payable on July 11, 2024 in the amount of \$487,000 (2023 - \$0.12 per share payable on June 7, 2023 in the amount of \$585,000). The Corporation has no set policy for dividends, but the Board and management consider dividends from time to time based on cash balances, working capital, and capital asset requirements.

12. EARNINGS PER SHARE

<i>For the periods ended September 30</i> <i>(dollar amounts in thousands, except per share amounts)</i>	Three months		Nine months	
	2024	2023	2024	2023
Net earnings (loss)	\$ 31	\$ (94)	\$ 180	\$ 576
Weighted average common shares outstanding	4,871,145	4,871,145	4,871,145	4,860,328
Basic earnings per share	0.6¢	(1.9)¢	3.7¢	11.8¢
Diluted earnings per share	0.6¢	(1.9)¢	3.7¢	11.5¢

13. SUPPLEMENTARY CASH FLOW INFORMATION

<i>For the periods ended September 30</i> <i>(in thousands)</i>	Three months		Nine months	
	2024	2023	2024	2023
Changes in non-cash working capital balances:				
Trade and other receivables	\$ 218	\$ 981	\$ (363)	\$ 835
Inventories	208	372	213	732
Other current assets	7	7	(24)	(28)
Trade and other payables	(481)	(424)	246	(245)
Income tax	167	(97)	353	(242)
	\$ 119	\$ 839	\$ 425	\$ 1,052

14. RELATED PARTY TRANSACTIONS

The four-person senior management team are members of Inventronics' Board of Directors ("Board") and receive no compensation for their service as Board members. The Corporation pays fixed and variable compensation to its senior management team for their employment services. For the three and nine months ended September 30, 2024, the Corporation expensed \$118 (2023 - \$165) and \$352 (2023 - \$947), respectively, related to those compensation arrangements.