



# Tech:niche.

**INTERIM  
REPORT  
2023**

Techniche Limited & Controlled Entities  
ABN 83 010 506 162

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## ABOUT TECHNICHE

**Techniche is creating data driven solutions for optimizing asset uptime.** We are providing intelligent software solutions to automate the monitoring and maintenance of critical revenue and operational assets of leading companies and government organisations across the globe.

## OUR SOLUTIONS INCLUDE

- Fuel & Retail Maintenance Solution
- EV Charging Maintenance Solution
- DFS Partner Solution
- Statseeker Network Performance Monitoring Solution

## OUR CULTURE

We are building a team culture consistent with our Core Values:

**We strive to be open** - We aim to develop a working environment where every individual's perspective, ideas and approaches to challenges are welcomed. We want to build a collaborative and open culture.

**We adapt and grow** - We want to create a problem-solving culture. We want to challenge what we know, explore new ideas, learn from our actions, and grow together.

**We stand for customer success** - We aspire to build great products that help solve our customers' problems. We deliver outstanding service to help our customers be successful. We succeed when our customers succeed.

**We stand for our people's success** - We succeed when our people succeed. We are building successful teams, and we aim to develop, empower and align our people. We celebrate the moments along the journey.

## OUR CUSTOMERS INCLUDE



## OUR STRENGTHS

We are a lean company with nimble teams who sell and deploy our products globally. Our products are scalable, enterprise grade, with modules designed for specific market needs. We are flexible to meet our customer's needs, whether they are large enterprises, or small operators.

## OUR CAPABILITIES

We have highly skilled product teams delivering our innovative solutions. We are focused on enhancing our products to make them easier to buy, simple to use, while providing our customers with valuable insights.

## OUR COVERAGE

Our technology solutions manage and monitor critical operational and IT infrastructure assets across tens of thousands of sites worldwide and are trusted by private, Fortune 500 and S&P 500 companies and G20 governments around the world. We are a global company with teams located in Australia, North America, United Kingdom, and Europe.

## INDUSTRIES

We have amazing customers in many verticals including:

- Fuel retail
- General retail
- Healthcare
- Education
- Government
- Telecommunications

## MANAGEMENT COMMENTARY

- Total revenues up 5.2%
- ARR up 3.0% (on a constant currency basis)
- Secured 2 DFS (partner solution) deals.
- Recognised revenue from our first Electric Vehicle Charging Maintenance (EVCM) customer and working on a range of EVCM opportunities.
- Launched our mid-market Fuel & Retail Maintenance Solution and secured our first order.
- Net new YTD contracted ARR approx. \$1m with a strong pipeline of opportunities.
- Forecasting double digit ARR growth for FY23.

As at December 31, 2022, Techniche's total revenues were up 5.2% and Annualised Recurring Revenues (ARR) on a constant currency basis grew by 3.0% compared to the prior corresponding half year. Fuel & Retail Maintenance Solution (Urgent) ARR was down 1% which was primarily a result of the loss of BP USA as noted in previous reports. Statseeker recorded ARR growth of 5.8%, assisted by upselling to existing customer and new customer acquisitions.

It is pleasing to report initial ARR has been recorded from our EV Charging Maintenance Solution (EVCM) and a growing pipeline of opportunities.

	2022 31 December	2021 31 December	change
<b>Annualised Recurring Revenues (Constant Currency<sup>1</sup>)</b>			
Fuel & Retail Maintenance Solution (Urgent)	<b>4,953,483</b>	5,004,700	(1.0%)
Statseeker Network Performance Monitoring Solution	<b>5,518,653</b>	5,215,895	5.8%
EV Charging Maintenance Solution (EVCM)	<b>54,545</b>	-	100.0%
<b>Total ARR</b>	<b>10,526,681</b>	10,220,595	3.0%

1. Constant currency measured at average FY2023 exchange rates in USD, GBP, EUR & NZD

ARR is a measure that is often used as a valuation metric for technology businesses and Techniche has adopted growth in ARR as its' primary corporate goal. Changes in ARR will ultimately be recorded as recognised recurring revenue but typically will only record a full year in future periods.

Techniche has secured a range of new contracts with the Fuel & Retail Maintenance Solutions, our EVCM solution, and our Partner Solution that are planned to be delivered through the 2<sup>nd</sup> half of the financial year. Currently the value of these contracts is worth approximately \$1 million, and with the growing pipeline of opportunities, should allow us to deliver double digit ARR growth for the full financial year.

The EVCM market remains a significant opportunity for the company. The marketing team have done an excellent job on building our EVCM brand via our website, tradeshow, and other activities. Today we are well ranked on search engines when searching for EVCM maintenance software and are generating some excellent leads.

## FINANCIAL COMMENTARY

### Revenue Growth

Our Fuel & Retail Maintenance Solution (Urgent) recognised recurring revenues were static compared with the prior year, however good growth in revenues from both new and existing customers were able to offset the loss of the contract for BP in North America. Demand for professional services remains sound, with a solid pipeline of projects. However some deals that were expected to be delivered in the first half will now be recognised in the second half and should include contribution from the newly-contracted ARR as the implementations are delivered.

Statseeker's recognised recurring revenues increased as a result of good sales to both existing and new customers and a high retention of existing customers. Professional services continued to grow from a low base as customers are increasingly looking for value-adding services to compliment the Statseeker software.

<i>Six months to 31 December</i>	<b>2022</b>	<b>2021</b>	<b>change</b>
<b>Total Revenues</b>			
<b>Fuel &amp; Retail Maintenance Solution (Urgent)</b>			
Subscription and other recurring revenues	<b>2,551,414</b>	2,547,669	0.1%
Professional services and other non-recurring revenues	<b>217,847</b>	383,439	(43.2%)
<b>Total Revenues</b>			
<b>Statseeker</b>			
Subscription and other recurring revenues	<b>2,773,035</b>	2,446,623	13.3%
Professional services and other non-recurring revenues	<b>223,768</b>	126,276	77.2%
<b>Total Revenues</b>			
<b>EV Charging Maintenance Solution (EVC)</b>			
Subscription and other recurring revenues	<b>26,508</b>	-	100.0%
Professional services and other non-recurring revenues	-	-	-
<b>Total Group Revenues</b>			
Subscription and other recurring revenues	<b>5,350,957</b>	4,994,292	7.1%
Professional services and other non-recurring revenues	<b>441,615</b>	509,715	(13.4%)
Total revenue from IT services	<b>5,792,572</b>	5,504,006	5.2%

## FINANCIAL COMMENTARY (CONTINUED)

### Gross Profit

Gross profit increased by 6.9% during the year because of an increase in recurring revenue with no increase in cost of sales. There was a 1.2% improvement in the gross margin.

<i>Six months to 31 December</i>	<b>2022</b>	<b>2021</b>	<b>change</b>
Total revenue from IT services	5,792,572	5,504,006	5.2%
Cost of sales	(1,257,279)	(1,259,466)	(0.2%)
Gross profit	4,535,293	4,244,540	6.9%
Gross margin (%)	78.3%	77.1%	1.2%

Gross profit represents operating revenue less cost of sales. Cost of sales consists of expenses directly associated with securely hosting Techniche's services and providing support to subscribers. The costs include hosting, personnel and related expenses directly associated with cloud infrastructure and customer support, related depreciation and amortisation and allocated overheads.

### Business performance – Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA decreased by 9.1% as the increase in gross profit was offset by increased costs as the group continues to invest in sales, marketing and product development. Rising inflation in the regions where Techniche operates is being watched and has had an impact but is being carefully managed.

<i>Six months to 31 December</i>	<b>2022</b>	<b>2021</b>	<b>change</b>
<b>Net profit/(loss) before tax</b>	<b>(19,821)</b>	<b>(8,962)</b>	<b>(121.1%)</b>
Add back: Interest	16,424	13,634	
Add back: Depreciation	144,143	163,064	
Add back: Amortisation	128,999	128,999	
<b>Earnings Before interest, tax, depreciation &amp; amortisation</b>	<b>269,744</b>	<b>296,735</b>	<b>(9.1%)</b>
<i>EBITDA margin</i>	<i>4.7%</i>	<i>5.4%</i>	<i>(0.7%)</i>

EBITDA disclosures (which are non-GAAP financial measures) have been included, as we believe they provide useful information for readers in understanding Techniche's financial performance. EBITDA is calculated by adding back depreciation, amortisation, net finance expense, and income tax expense to net profit/loss.

## FINANCIAL COMMENTARY (CONTINUED)

### Expenses

Techniche presents Group expenses according to their functional categories of “Sales and Marketing”, “Research and Development” and “General and administration”.

#### Sales and Marketing

Sales and Marketing expenses were 10.9% higher as we increased our participation in trade show events and investments in digital marketing campaigns with a particular focus on the emerging EV charging maintenance market. Our sales pipeline continues to improve with a combination of core Fuel & Retail Maintenance Solution (Urgent) and Statseeker opportunities, plus emerging opportunities from our partner network, as well as strong interest in the maintenance of Electronic Vehicle Charging assets.

<i>Six months to 31 December</i>	<b>2022</b>	<b>2021</b>	<b>change</b>
Sales and marketing expense	1,324,869	1,194,376	10.9%
Percentage of operating revenue	22.9%	21.7%	1.2%

Sales and marketing expenses consist of personnel and related expenses directly associated with the sales and marketing teams. Costs also include relationship management costs incurred to support the existing subscriber base. Other costs included are external advertising costs, marketing costs and promotional events, as well as allocated overheads.

#### Research and Development

Research & Development expenses were higher in overall terms but consistent with the prior year as a percentage of revenue. The company continued to invest across all products, launching the Urgent mid-market solution and the EVCM solution. A key focus for the underlying Urgent product is simplifying the roll out and implementation for fuel retail and EVCM customers. The Statseeker team has been developing new functionality that will allow the solution to monitor device/asset availability and performance metrics.

<i>Six months to 31 December</i>	<b>2022</b>	<b>2021</b>	<b>change</b>
Research and development expense (excl. amortisation)	2,085,077	1,985,692	5.0%
Amortisation	128,999	128,999	0.0%
<b>Research and development expense</b>	<b>2,214,076</b>	<b>2,114,691</b>	<b>4.7%</b>
Percentage of operating revenue	38.2%	38.4%	(0.2%)

Research and Development costs consist of personnel and related expenses directly associated with the product design, development and quality assurance as well as allocated overheads. Where software development costs meet the requirements to be capitalised as an intangible asset, it will be subsequently amortised over the useful life of the asset created. The amount amortised is included in research and development expenses.

## FINANCIAL COMMENTARY (CONTINUED)

### General and Administration

General and administration costs were 4.9% higher as a result of the resumption of international travel following relation of Covid-19 restrictions and higher office costs.

<i>Six months to 31 December</i>	<b>2022</b>	<b>2021</b>	<b>change</b>
General and administration expense	972,743	927,365	4.9%
Percentage of operating revenue	16.8%	16.8%	(0.1%)

General and administration expenses consist of personnel and related expenses for executive, finance and administrative employees and the Techniche Board. It also includes costs associated with being a public company, legal, accounting and other professional services fees, insurance premiums, other corporate expenses and allocated overheads.

### Techniche Share Trading

Techniche Limited delisted from the Australian Securities Exchange (ASX) in January 2021 and from 28 April 2021 has been authorised by the Australian Securities and Investments Commission (ASIC) to facilitate a “Low Volume Financial Market”. This allows for Techniche to provide a process for buyers and sellers to contact each other and potentially complete a private trade. Techniche has no role in the negotiation and pricing of any trade under the Low Volume Market. Full details of how the Low Volume Financial Market operates are available on the Techniche website <https://www.technicgroup.com/about/investors/how-to-buy-and-sell-shares/>.

Since inception, there have been 2,101,334 shares traded in 11 trades and during the six months to December 2022, there were 4 trades recorded, representing 1,126,334 shares at a weighted average price per share of \$0.039.

Following are the Bids and Asks as displayed on the website as at February 15 2023:

<b>Offer to Purchase</b>		<b>Offer for Sale</b>	
<b>Volume</b>	<b>Price (\$A)</b>	<b>Volume</b>	<b>Price (\$A)</b>
<b>100,000</b>	\$0.040	20,000	\$0.040
<b>500,000</b>	\$0.036	44,300	\$0.045
<b>800,000</b>	\$0.030	32,000	\$0.060
		20,000	\$0.100





# TECHNICHE LIMITED

AND CONTROLLED ENTITIES

ABN 83 010 506 162

## INTERIM FINANCIAL REPORT



## DIRECTORS' REPORT

*The directors of Techniche Limited submit herewith the interim financial report of Techniche Limited ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:*

### DIRECTORS

The names of the Directors of Techniche Limited who held office at any time during or since the end of the half year are:

Karl Jacoby (Executive Chairman)

Andrew Campbell

Anastasia Ellerby

Mark Gill

### PRINCIPAL ACTIVITIES

The principal activity of Techniche is to develop a range of solutions that leverage our core technologies and is focused on business-critical asset monitoring, maintenance, analysis, and optimization.

### OPERATING RESULTS

The consolidated profit/(loss) of the Group after providing for income tax amounted to (\$97,577) [2021: (\$83,241)].

### REVIEW OF OPERATIONS

The Company now operates as a global company with global leadership in sales & marketing, product innovation & engineering, and finance & admin. Revenue growth is expected by leveraging our core asset maintenance management and network performance monitoring solutions to develop a range of market & partner solutions.

The Company proactively manages our existing customers via dedicated customer success and account management teams, to ensure we fully understand their needs. This provides the opportunity for additional sales, as well as providing a high level of customer retention.

We are also continuing to build the Techniche brand and narrative via a new website and marketing initiatives.

### DIVIDEND

No dividend has been declared in respect of the half year ended 31 December 2022.

### FINANCIAL POSITION

Net assets of the Group have decreased by \$100,913 from \$11,335,795 in June 2022 to \$11,234,882 in December 2022. This reflected the small consolidated loss after tax.

Cash balances have decreased by \$1,151,313 to \$3,774,549 [June 2022: \$4,925,862].

## DIRECTORS' REPORT

### FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company has set some aggressive growth targets, with a goal to realise an exit for all shareholders. We believe a healthy valuation can be achieved, based on multiples of ARR (Annual Recurring Revenue) underpinned by a growing base of quality customers.

As well as growing revenue from our core solutions Urgent and Statseeker, a key focus of management has been developing additional revenue streams to support our ARR growth target. It is expected that the additional revenue streams will come from leveraging our core solutions to develop a range of additional market and customer solutions.

Each solution's core capability is focused on business-critical asset monitoring, maintenance, analysis, and optimization.

Currently we have the Dover Fueling Solutions compliance and asset management solution and the Techniche EVCM (Electric Vehicle Charging Maintenance) solution in the market and both with growing interest.

We have now launched a mid-market solution based on the Urgent product, and are in final negotiations to use our Statseeker product to monitor a range of Security Screening devices.

Shareholders can expect in future reports that information will be presented by these individual revenue streams.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the half year period to 31 December 2022.

### AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future financial periods.

### ENVIRONMENTAL ISSUES

The Group's operations are not currently subject to significant environmental regulation under the law of the Commonwealth and State.

## DIRECTORS' REPORT

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2022 has been received and can be found on page 13 of the Half Year Report.

The Directors' Report is signed in accordance with a resolution of the Directors.



K P Jacoby

Executive Chairman

Brisbane, 23 February 2023

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
TECHNICHE LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN  
PARTNER

23 FEBRUARY 2023  
BRISBANE

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2022

	Note	2022	2021
		\$	\$
<b>Revenue from IT Services</b>	2	5,792,572	5,504,006
Cost of sales	3	(1,257,279)	(1,259,466)
<b>Gross Profit</b>		<b>4,535,293</b>	<b>4,244,540</b>
Foreign exchange gain / (loss)		(27,002)	(3,435)
<b>Operating Expenses</b>			
General and administration		(972,743)	(927,365)
Sales and marketing		(1,324,869)	(1,194,376)
Research and development		(2,214,076)	(2,114,692)
<b>Total operating expenses</b>	3	<b>(4,511,688)</b>	<b>(4,236,433)</b>
Operating profit / (loss) from ordinary activities		(3,397)	4,672
Interest income		117	132
Interest expense (includes interest on lease liabilities)		(16,541)	(13,766)
		<b>(16,424)</b>	<b>(13,634)</b>
<b>Profit / (loss) before income tax</b>		<b>(19,821)</b>	<b>(8,962)</b>
<b>Income tax (expense) / benefit</b>		<b>(77,756)</b>	<b>(74,279)</b>
<b>Profit / (loss) for the year attributable to the members of the parent entity</b>		<b>(97,577)</b>	<b>(83,241)</b>
<b>Other comprehensive income</b>			
Items that may be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		(3,334)	80,938
<b>Other comprehensive income / (loss) for the year</b>		<b>(3,334)</b>	<b>80,938</b>
<b>Total comprehensive income / (loss) attributable to members of the parent entity</b>		<b>(100,911)</b>	<b>(2,303)</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 31 December	2022 30 June
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,774,549	4,925,862
Trade and other receivables		1,315,265	1,223,752
Other current assets		400,106	274,732
<b>Total current assets</b>		<b>5,489,920</b>	<b>6,424,346</b>
<b>Non-current assets</b>			
Property, plant and equipment		88,792	94,372
Right-of-use assets	4	484,802	576,992
Intangible assets	5	11,475,173	11,560,910
<b>Total non-current assets</b>		<b>12,048,767</b>	<b>12,232,274</b>
<b>Total assets</b>		<b>17,538,687</b>	<b>18,626,620</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		713,708	737,591
Unearned income		4,482,822	5,474,027
Current tax liabilities		93,505	57,852
Short term provisions		410,286	369,712
Lease liabilities		217,660	196,448
<b>Total current liabilities</b>		<b>5,917,981</b>	<b>6,835,630</b>
<b>Non-current liabilities</b>			
Long term provisions		121,717	105,336
Lease liabilities		264,107	379,859
<b>Total non-current liabilities</b>		<b>385,824</b>	<b>485,195</b>
<b>Total liabilities</b>		<b>6,303,805</b>	<b>7,320,826</b>
<b>NET ASSETS</b>		<b>11,234,882</b>	<b>11,335,795</b>
<b>Equity</b>			
Issued capital		69,799,778	69,799,778
Reserves		395,218	398,552
Accumulated losses		(58,960,114)	(58,862,535)
<b>TOTAL EQUITY</b>		<b>11,234,882</b>	<b>11,335,795</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2022

	Issued Capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>69,799,798</b>	<b>(58,609,426)</b>	<b>616,249</b>	<b>11,806,602</b>
Profit/(loss) attributable to members of the parent entity	-	(83,241)	-	(83,241)
Total other comprehensive income	-	-	80,938	80,938
<b>Sub total</b>	<b>69,799,778</b>	<b>(58,692,667)</b>	<b>697,187</b>	<b>11,804,298</b>
<b>Balance at 31 December 2021</b>	<b>69,799,778</b>	<b>(58,692,667)</b>	<b>697,187</b>	<b>11,804,298</b>
<b>Balance at 1 July 2022</b>	<b>69,799,778</b>	<b>(58,862,535)</b>	<b>398,552</b>	<b>11,335,795</b>
Profit/(loss) attributable to members of the entity	-	(97,577)	-	(97,577)
Total other comprehensive income	-	-	(3,334)	(3,334)
<b>Sub total</b>	<b>69,799,778</b>	<b>(58,960,112)</b>	<b>395,218</b>	<b>11,234,882</b>
<b>Balance at 31 December 2022</b>	<b>69,799,778</b>	<b>(58,960,112)</b>	<b>395,218</b>	<b>11,234,882</b>

The accompanying notes form part of these financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2022

	Half year 2022 31 December	Half year 2021 31 December
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	4,584,481	6,202,727
Payments to suppliers and employees	(5,458,495)	(5,188,076)
Other Income and interest received	117	132
Income tax refund / (paid)	(42,103)	(21,615)
Interest and other financing paid	(3,204)	(3,303)
<b>Net cash provided by/ (used in) operating activities</b>	<b>(919,204)</b>	<b>989,865</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(18,236)	(19,212)
<b>Net cash provided by/ (used in) investing activities</b>	<b>(18,236)</b>	<b>(19,212)</b>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(136,403)	(157,689)
<b>Net cash provided by/ (used in) financing activities</b>	<b>(136,403)</b>	<b>(157,689)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(1,073,843)</b>	<b>812,964</b>
Effects of functional currency exchange rate changes	(77,470)	22,108
Cash at the beginning of the period	4,925,862	2,590,355
<b>Cash at the end of the period</b>	<b>3,774,549</b>	<b>3,425,427</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

These condensed consolidated interim financial statements and notes represent those of Techniche Limited (the “Company”) and controlled entities (the “Consolidated Group” or “Group”).

Techniche Limited is a company limited by shares, incorporated and domiciled in Australia.

The interim financial statements were authorised for issue on 23 February 2023 by the directors of the Company.

### NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION

These general-purpose condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This condensed consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of Techniche Limited and its controlled entities (referred to as the “Consolidated Group” or “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Comparative figures have been adjusted to conform with changes in presentation for the current financial period.

#### SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed consolidated interim financial report are consistent with those adopted and disclosed in the Company’s 2022 annual financial report for the year ended 30 June 2022.

Due to the significant value of carried forward losses, it cannot yet be reliably determined whether there will be sufficient income to utilise these losses and therefore, no deferred tax asset has been calculated.

#### NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group adopted all new and relevant amended accounting standards and interpretations issued by the Australian Accounting Standard Board that are effective for annual reporting periods beginning on or after 1 July 2022. None of the standards or amendments to standards that are mandatory for the first time materially affected any of the amount recognised in the current period or any prior period.

## NOTE 2. REVENUE FROM IT SERVICES

The following discloses the nature of income or expense items where it has not been disclosed in the statement of comprehensive income:

	Half year to 31 December 2022 \$	Half year to 31 December 2021 \$
<b>Revenue from contracts with customers</b>		
Subscription and other recurring revenue	5,350,957	4,994,292
Professional services	77,777	473,733
Software sales	363,838	35,981
	<u>5,792,572</u>	<u>5,504,006</u>

## NOTE 3. EXPENSES

The Group categorise expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income based on the function of the expense. The table below discloses expenses based on the nature of the expense.

	Half year to 31 December 2022 \$	Half year to 31 December 2021 \$
<i>Cost of sales and operating expenses</i>		
Auditor remuneration	(47,262)	(57,304)
Consulting fees	(204,978)	(218,376)
Commission & other direct costs	(311,903)	(448,178)
Directors' remuneration	(164,671)	(159,671)
Employee benefits expense	(3,735,968)	(3,596,573)
Insurance	(64,566)	(55,624)
Travel expenses	(232,657)	(40,953)
Premises expenses	(43,172)	(45,556)
Sales and marketing	(326,964)	(277,825)
Other expenses	(363,684)	(303,776)
<b>Total cost of sales and operating expenses excluding amortisation &amp; depreciation</b>	<u>(5,495,825)</u>	<u>(5,203,836)</u>
<i>Depreciation and amortisation</i>		
Amortisation of software	(128,999)	(128,999)
Depreciation of right-of-use assets	(119,731)	(139,541)
Depreciation of property, plant & equipment	(24,412)	(23,523)
<b>Total depreciation &amp; amortisation expense</b>	<u>(273,142)</u>	<u>(292,063)</u>
<b>Total cost of sales &amp; operating expenses</b>	<u>(5,768,967)</u>	<u>(5,495,899)</u>
<i>Depreciation and amortisation included in function expenses as follows:</i>		
Cost of sales	(20,353)	(18,638)
General and administration	(69,289)	(94,010)
Sales and marketing	(16,930)	(17,651)
Research and development	(166,570)	(161,764)
<b>Total depreciation &amp; amortisation expense</b>	<u>(273,142)</u>	<u>(292,063)</u>

NOTE 4. RIGHT OF USE ASSETS

	As at 31 December 2022 \$	As at 30 June 2022 \$
Land and buildings – right-of-use	<u>801,252</u>	<u>775,252</u>
Less: Accumulated depreciation	<u>(316,450)</u>	<u>(198,260)</u>
	<u>484,802</u>	<u>576,992</u>

The consolidated entity leases buildings for its offices under agreements of between three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The recognition of right-of-use-assets was offset by recognition of both current and non-current lease liabilities relating to the leased assets. Lease liabilities are recognised for lease contracts in excess of 12 months and are initially measured at the present value of remaining lease payments which have been discounted at the Group's incremental borrowing rate.

**NOTE 5. INTANGIBLE ASSETS**

	As at 31 December 2022 \$	As at 30 June 2022 \$
<b>Goodwill</b>		
Cost	4,722,851	4,722,851
	<u>4,722,851</u>	<u>4,722,851</u>
<b>Intellectual property rights</b>		
Carrying value	5,333,334	5,290,072
	<u>5,333,334</u>	<u>5,290,072</u>
<b>Software / Source Code</b>		
Software / Source Code – at cost	2,597,806	2,597,806
Accumulated amortisation	(1,178,818)	(1,049,819)
	<u>1,418,988</u>	<u>1,547,987</u>
<b>Total Intangible assets</b>	<u>11,475,173</u>	<u>11,560,910</u>

**Movement in carrying values**

Movement in the carrying amounts of each class of intangible asset between the beginning and end of the financial period.

<b>Goodwill</b>		
Opening Balance	4,722,851	4,722,851
Closing balance	<u>4,722,851</u>	<u>4,722,851</u>
<b>Intellectual property rights</b>		
Opening balance	5,290,072	5,525,880
Foreign currency revaluation	43,262	(235,808)
Closing balance	<u>5,333,334</u>	<u>5,290,072</u>
<b>Software / Source Code</b>		
Opening Balance	1,547,987	1,805,985
Amortisation	(128,999)	(257,998)
Closing balance	<u>1,418,988</u>	<u>1,547,987</u>

## NOTE 6. CONTINGENT LIABILITIES

Techniche Limited has implemented strategies and established targets for growing revenues that are expected to lead to an increase in the enterprise valuation with a potential for a trade sale or other exit for shareholders in Techniche Limited. An executive incentive scheme has been established to attract, retain and incentivise key executives to deliver on the targeted goals. The scheme is contingent upon a trade sale or similar exit for shareholders at a valuation above a targeted price of 10 cents per share. An exit such as a trade sale would result in the creation of a bonus pool equivalent to 20% of the excess above the target of 10 cents per share.

The Group had no other contingent liabilities at the end of the reporting period.

## NOTE 7. AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future financial periods.

## NOTE 8. NET CURRENT ASSET DEFICIENCY

As at 31 December 2022, the Group has reported a net current asset deficiency of \$428,061 [30 June 2022: \$411,285]. However, the current liabilities include unearned income of \$4,482,822 for customers who have paid in advance for their software licence subscription and support fees. The unearned income is not required to be funded with cash, and revenue is recognised when it is earned over the contracted periods.

## DIRECTORS' DECLARATION

31 December 2022

In the directors' opinion:

1. the financial statements and notes, as set out on pages 14 to 22 are in accordance with the *Corporations Act 2001* including:
  - a. complying with Australian Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the financial position as at 31 December 2022 and of the performance for the half year ended on that date of the Consolidated Group;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due, and

This declaration is made in accordance with a resolution of the Board of Directors.



Karl P Jacoby  
Executive Chairman

Brisbane, 23 February 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TECHNICHE LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of Techniche Limited (“the company”), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors’ declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year’s end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Techniche Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity’s financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian 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 consolidated entity 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor’s Independence Declaration.

### 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 the Australian Accounting Standards and the *Corporations Regulations 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.

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### **Auditor's Responsibilities 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 consolidated entity's financial position as at 31 December 2022 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.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN  
PARTNER

23 FEBRUARY 2023  
BRISBANE

## CORPORATE DIRECTORY

### DIRECTORS

Karl Phillip Jacoby (Executive Chairman)  
Andrew Lambert Campbell  
Anastasia Mary Ellerby  
C. Mark Gill

### COMPANY SECRETARY

John Lemon

### LEADERSHIP TEAM

Karl Phillip Jacoby	Executive Chairman
David Wilson	Chief Financial Officer
Thomas Caldwell	Chief Technology Officer
Steve Brady	Head of Global Sales
James Wells	Product - Statseeker
David Cornish	Product - Urgent

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### SOLICITORS

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