

Tech:niche.



**Interim
Report**

2021

Techniche Limited
& Controlled Entities

CONTENTS

Corporate Directory	3
About Techniche	4
MANAGEMENT COMMENTARY	5
INTERIM FINANCIAL REPORT	9
Directors' Report	10
Auditor's Independence Declaration	13
Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Consolidated Financial Statements	18
Independent Auditor's Report to the Members of Techniche Limited	24

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

John Lemon

REGISTERED OFFICE IN AUSTRALIA

Ground Floor
143 Coronation Drive
Milton QLD 4064

PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

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Milton QLD 4064

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Email: info@technicgroup.com

Website: technicgroup.com
ABN: 83 010 506 162

AUDITORS

PKF Brisbane Audit
Chartered Accountants
Level 6, 10 Eagle Street
Brisbane Queensland 4000

SOLICITORS

Minter Ellison
Level 22, Waterfront Place
1 Eagle Street
Brisbane Queensland 4000

BANKERS

National Australia Bank Limited
300 Queen Street
Brisbane Queensland 4000

HSBC – London, United Kingdom
Bank of America – San Diego, USA

DOMICILE AND COUNTRY OF INCORPORATION

Australia

SHARE REGISTRY

Register of Securities is held at the following address:

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane Queensland 4000

Telephone: + 61 1300 554 474 (within Australia)
+ 61 1300 554 474 (international)
Facsimile: + 61 2 9287 0303

Website: linkmarketservices.com.au

EXECUTIVE DIRECTORY

Karl Jacoby	Executive Chairman
David Wilson	Chief Financial Officer
Thomas Caldwell	Chief Technology Officer
Paul Djuric	Regional General Manager EMEA
James Wells	Regional General Manager APAC

ABOUT TECHNICHE

Techniche is a global technology company that helps its customers manage and optimise the performance of their critical operational assets.

Our product solutions, Urgent and Statseeker, have led the way in automated maintenance management and high-performance network monitoring for more than 20 years, and are trusted by private, Fortune 500 and S&P companies and G20 governments across the globe.

We have regional operations in the Americas, APAC (Asia Pacific) and EMEA (Europe, Middle East, Africa) to ensure our customers are supported 24/7 and gain the maximum value from our software solutions.

OUR PRODUCTS



Urgent is the powerful CMMS and facilities management solution by Techniche and manages more than 40,000 fuel retail sites across 34 countries. It has become the Number 1 choice for the world's leading fuel and convenience retailers for 5 key reasons:

1. We specialise in the fuel retail sector.
2. We understand improving customer experience builds their brand and revenue.
3. We understand the critical nature of compliance across multiple regions.
4. We understand the health and safety of their staff is a priority.
5. We understand that by helping optimise the performance of their critical assets we will help them save money and make money.

Visit: urgent.technicgroup.com



Statseeker is the world's leading high-performance network monitoring solution by Techniche, delivering instant granular-level visibility at a fraction of the cost of traditional monitoring tools. Statseeker reduces network downtime and enhances business productivity through 5 key features:

1. It's scalable, fast and flexible, offering blanket network monitoring right up to the edges.
2. It monitors networks of any size, collecting key data as well as SDN configuration and health metrics.
3. It provides minute-by-minute visibility with 60-second polling and ultra-fast reporting.
4. Its anomaly detection alerts the business to any behavioural change as soon as it happens.
5. Data history is stored in its original granularity, enabling accurate analytics and capacity planning.

Visit: statseeker.technicgroup.com

CUSTOMERS INCLUDE...



MANAGEMENT COMMENTARY

We have set an internal target to grow our Annual Recurring Revenue (ARR) by a compound growth of 20% per annum, with an expected time frame of 3-5 years, with target revenue for Techniche of A\$20m plus.

We have a number of metrics that we track including Revenue Growth, ARR Growth, EBITDA margin, Gross Profit margin, as well as Group expenses. Expense function categories are “Sales and Marketing”, “Research and Development” and “General and Administration”.

Non-GAAP measures have been included, as we believe they provide useful information for readers to assist in understanding Techniche’s financial performance. Non-GAAP financial measures should not be viewed in isolation or considered as substitutes for measures reported in accordance with the Australian equivalents to International Financial Reporting Standards.

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

While ARR was up approx. 4.6% year on year, EDITDA declined by approx. 17.9%. The decline in EBITDA was a result of reduced professional services and other non-recurring revenues, increased spend on product development and some one-off costs relating to the delisting of the Company.

<i>Six months to 31 December</i>	2020	2019	change
Net profit/(loss) before tax	116,015	198,414	(41.5%)
Add back: Interest	10,379	16,466	
Add back: Depreciation	159,839	162,030	
Add back: Amortisation	128,999	128,999	
Earnings Before interest, tax, depreciation & amortisation	415,232	505,909	(17.9%)
<i>EBITDA margin</i>	<i>8.3%</i>	<i>9.7%</i>	<i>(1.4%)</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.

MANAGEMENT COMMENTARY (CONTINUED)

Revenue Growth

Techniche currently generates revenues from our two products, Urgent and Statseeker.

Urgent's ARR increased by 10.7% as a result of contract wins in the second half of the previous year and the current half year. Demand for professional services decreased by 57.7% to \$229,955 due to businesses taking a cautionary approach as a result of the COVID-19 pandemic, resulting in total Urgent revenue decreasing by 2.6%.

Statseeker's ARR was flat for the period, but with the decline of the USD against the AUD, ARR decreased slightly. The effect of COVID-19 also impacted Statseeker Professional services revenues, which declined 67.7%, albeit from a small base.

Overall ARR was up 4.6% for the period, but with impact of COVID-19 on professional services revenue, consolidated group revenue for the period decreased by 3.1%.

<i>Six months to 31 December</i>	2020	2019	change
Total Revenues			
Urgent			
Subscription and other recurring revenues	2,481,793	2,241,281	10.7%
Professional services and other non-recurring revenues	229,955	544,164	(57.7%)
Statseeker			
Subscription and other recurring revenues	2,293,401	2,321,771	(1.2%)
Professional services and other non-recurring revenues	27,817	86,058	(67.7%)
Total Group Revenues			
Subscription and other recurring revenues	4,775,194	4,563,052	4.6%
Professional services and other non-recurring revenues	257,772	630,222	(59.1%)
Total revenue from IT services	5,032,966	5,193,274	(3.1%)

MANAGEMENT COMMENTARY (CONTINUED)

Gross Profit

Gross Profit increased by 0.7% for the period, as a result of a 13.8% improvement in Cost of Sales due to efficiency improvements implemented in the customer support division.

<i>Six months to 31 December</i>	2020	2019	change
Total revenue from IT services	5,032,966	5,193,274	(3.1%)
Cost of sales	1,174,345	1,362,406	(13.8%)
Gross profit	3,858,621	3,830,868	0.7%
Gross margin (%)	76.7%	73.8%	2.9%

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.

Expenses

Techniche presents Group expenses based on their 'function' rather than their 'nature'. The Company views this as a more appropriate format for a technology business. Expense function categories include, "Sales and Marketing", "Research and Development" and "General and administration".

Sales and Marketing

Sales and marketing expenses were slightly higher both in overall terms and as a percentage of revenues. While some marketing activities such as annual trade shows were cancelled due to the global COVID-19 pandemic and other marketing campaigns were deferred until business conditions improved, investment continues to be made in key staff appointments in both our sales and marketing teams, as well as improvements to our digital marketing collateral, including website development, video content, PR and virtual industry engagement.

<i>Six months to 31 December</i>	2020	2019	change
Sales and marketing expense	1,147,563	1,134,584	1.1%
Percentage of operating revenue	22.8%	21.8%	1.0%

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

MANAGEMENT COMMENTARY (CONTINUED)

Research and Development

Research and development expenses were higher in overall terms and as a percentage of revenue as the company invested in some specific product enhancements, as well as the regular development of both the Urgent and Statseeker products.

<i>Six months to 31 December</i>	2020	2019	change
Research and development expense (excl. amortisation)	1,450,930	1,348,876	7.6%
Amortisation	128,999	128,999	0.0%
Research and development expense	1,579,929	1,477,875	6.9%
Percentage of operating revenue	31.4%	28.5%	2.9%

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.

General and Administration

General and administration costs were 6.4% higher as the Company incurred costs associated with the delisting from the ASX. The delisting is expected to lead to future ongoing savings of at least \$100k.

<i>Six months to 31 December</i>	2020	2019	change
General and administration expense	1,076,602	1,012,200	6.4%
Percentage of operating revenue	21.4%	19.5%	1.9%

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.

COVID-19

Techniche has not experienced any material deterioration in its' core customer base due to COVID-19, however it has limited our ability to deliver services and grow revenues. These include the inability to visit customer and prospects being impacted by COVID-19 and a restriction of other sales and marketing initiatives such as the ability to attend a range of trade shows. Customers have also taken a cautious approach to professional services which has been reflected in our results for the half year.

Most staff are currently working from home and Techniche has not required government assistance in support of staff employment. We have been actively working with our customers to assist them wherever possible, and to monitor the potential for risk to our revenue base.

Techniche continues to show no deterioration in receivables, we have no external debt, adequate cash reserves and are well positioned should there be a further deterioration in economic conditions.



TECHNICHE LIMITED

AND CONTROLLED ENTITIES

ABN 83 010 506 162

INTERIM FINANCIAL REPORT



DIRECTORS' REPORT

The directors of Techniche Limited submit herewith the financial report of Techniche Limited ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2020. 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 the Group is to sell our software solutions globally. Our focus is to create (build, buy or partner) a platform of applications that address the convergence of operational assets (OT) and technology assets (IT), particularly in light industry, where asset reliability and availability is critical. We aim to take advantage of our customer relationships and market reach in the 3 regions of EMEA (Europe, Middle East, Africa), APAC (Asia Pacific), and the Americas.

OPERATING RESULTS

The consolidated profit of the Group from continuing operations after providing for income tax amounted to \$64,978, [2019: \$213,833].

REVIEW OF OPERATIONS

The Company is now a global technology company with customers & teams across the 3 regions. Our focus and investment are on continually improving our current products, while developing our new merged offering, building our sales & marketing capability, and creating a more singular global operation.

Our new merged offering incorporates the network management and asset discovery capability of Statseeker with the asset management capability of Urgent, to provide a new offering internally called ODN. Although it is still in early stages of development, we are pleased to advise that we have received a first order and have several other pilots under way.

We have also invested in additional sales marketing capability, particularly in the US, which we believe is a key growth market.

Earnings per share decreased by 0.07 cents per share from 0.10 cents per share for the half year ended 31 December 2019 to 0.03 cents per share for the current half year to 31 December 2020.

DIVIDEND

No dividend has been declared in respect of the half year ended 31 December 2020.

FINANCIAL POSITION

Net assets of the Group have increased by \$73,247 from \$11,656,645 at June 2020 to \$11,729,892 at December 2020.

Cash balances have decreased to \$3,583,883 [June 2020: \$4,468,562].

DIRECTORS' REPORT

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

We have set an internal target to grow our ARR by a compound growth of 20% per annum, with an expected time frame of 3-5 years, with target revenue for Techniche of A\$20m plus.

To achieve this, we have several objectives to meet.

1. Developing a “lighter” version of the Urgent product to better match the requirements of the fuel & convenience retail mid-market.
2. Continue to enhance the Statseeker product.
3. Build more market awareness for both products.
4. Continue the development of the converged offering, internally known as ODN.
5. Building and shaping the team to deliver.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Following the passing of a shareholder resolution at the 2020 Annual General Meeting, Techniche Limited was delisted from the Australian Securities Exchange (ASX) from 1 February 2021. The delisting is not expected to have any effect on the operations of the Consolidated Group.

AFTER BALANCE DATE EVENTS

Other than the delisting of Techniche Limited from the ASX, 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 2020 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, 25 February 2021

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 2020 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 BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

25 FEBRUARY 2021
BRISBANE

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2020

	Note	Half Year to 31 December 2020 \$	Half Year to 31 December 2019 \$
Revenue from IT Services	2	5,032,966	5,193,274
Cost of sales		(1,174,345)	(1,362,406)
Gross Profit		3,858,621	3,830,868
Foreign exchange gain/(loss)		(15,633)	8,621
Other income		87,500	-
Operating Expenses	3		
General and administration		(1,076,602)	(1,012,200)
Sales and marketing		(1,147,563)	(1,134,584)
Research and development		(1,579,929)	(1,477,875)
Total operating expenses		(3,804,094)	(3,624,659)
Operating profit from ordinary activities		126,394	214,880
Interest income		139	534
Interest expense (includes interest on lease liabilities)		(10,518)	(17,000)
Profit before income tax		116,015	198,414
Income tax (expense) / benefit		(51,037)	15,420
Profit for the year attributable to the members of the parent entity		64,978	213,833
Other comprehensive income			
Items that may be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		8,269	177,857
Other comprehensive income for the year		8,269	177,857
Total comprehensive income attributable to members of the parent entity		73,247	391,690
Earnings per share			
Basic earnings per share (cents per share)		0.03	0.10
Diluted earnings (cents per share)		0.03	0.10

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	As at 31 December 2020	As at 30 June 2020
Note	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,583,883	4,468,562
Trade and other receivables	1,329,102	2,093,872
Other current assets	284,532	179,597
Total current assets	5,197,517	6,742,031
Non-current assets		
Property, plant and equipment	96,384	121,553
Right-of-use assets	4 183,301	313,013
Intangible assets	5 11,960,999	12,157,530
Total non-current assets	12,240,684	12,592,096
Total assets	17,438,201	19,334,127
LIABILITIES		
Current liabilities		
Trade and other payables	1,088,032	1,138,254
Unearned income	4,076,207	5,877,202
Current tax liabilities	88,278	101,089
Short term provisions	237,639	204,443
Lease liabilities	4 155,723	214,337
Total current liabilities	5,645,879	7,535,325
Non-current liabilities		
Long term provisions	49,774	48,886
Lease liabilities	4 12,656	93,271
Total non-current liabilities	62,430	142,157
Total liabilities	5,708,309	7,677,482
NET ASSETS	11,729,892	11,656,645
Equity		
Issued capital	69,838,778	69,838,778
Reserves	352,214	343,945
Accumulated losses	(58,461,100)	(58,526,078)
TOTAL EQUITY	11,729,892	11,656,645

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2020

	Ordinary shares	Accumulated losses	FX translation reserve	Total
Balance at 1 July 2019	69,838,778	(59,097,084)	449,672	11,171,766
Profit attributable to members of the parent entity	-	213,833	-	213,833
Total other comprehensive income	-	-	177,857	177,857
Sub total	-	213,833	177,857	391,690
Balance at 31 December 2019	69,838,778	(58,883,251)	627,529	11,583,056
Balance at 1 July 2020	69,838,778	(58,526,078)	343,945	11,656,645
Profit attributable to members of the parent entity	-	64,978	-	64,978
Total other comprehensive income	-	-	8,269	8,269
Sub total	69,838,778	(58,461,100)	352,214	11,729,892
Balance at 31 December 2020	69,838,778	(58,461,100)	352,214	11,729,892

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2020

	Note	Half year to 31 December 2020 \$	Half year to 31 December 2019 \$
Cash flows from operating activities			
Receipts from customers		3,891,803	4,379,735
Payments to suppliers and employees		(4,705,738)	(4,639,853)
Interest received		139	534
Other income received		87,500	-
Income tax paid		(63,848)	(6,647)
Interest and other financing		(10,518)	(17,000)
Net cash provided by (used in) operating activities		(800,662)	(283,231)
Cash flows from investing activities			
Purchase of plant and equipment		(16,627)	(16,039)
Net cash provided by (used in) investing activities		(16,627)	(16,039)
Cash flows from financing activities			
Repayment of lease liabilities		(139,229)	(159,857)
Net cash provided by (used in) financing activities		(139,229)	(159,857)
Net increase (decrease) in cash held		(956,518)	(459,128)
Effects of functional currency exchange rate changes		71,839	(22,047)
Cash at the beginning of the half year		4,468,562	2,355,523
Cash at the end of the half year		3,583,883	1,874,348

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2020

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 25 February 2021 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 2020 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 2020, 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 2020 annual financial report for the year ended 30 June 2020.

Disclosures which were specifically required pursuant to either the ASX listing rules, or public listed entities’ requirements in Australian Accounting Standards, are no longer applicable to the Group. Refer to Note 7 for further information.

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 2020 \$	Half year to 31 December 2019 \$
Revenue from contracts with customers		
Subscription and other recurring revenue	4,775,194	4,563,052
Professional services	229,955	575,041
Software sales	27,817	55,181
	5,032,966	5,193,274

NOTE 3. EXPENSES

	Half year to 31 December 2020 \$	Half year to 31 December 2019 \$
<i>Cost of sales and operating expenses</i>		
Auditor remuneration	(57,140)	(52,187)
Consulting Fees	(313,250)	(192,556)
Commission & other direct costs	(361,901)	(451,524)
Directors remuneration	(159,671)	(139,233)
Employee benefits expense	(3,120,246)	(3,040,666)
Insurance	(65,723)	(61,407)
Travel expenses	(4,442)	(158,087)
Premises expenses	(82,761)	(98,929)
Sales and Marketing	(272,646)	(322,639)
Share registry and listing fees	(33,829)	(27,463)
Other expenses	(217,992)	(134,345)
Interest expense	(10,518)	(17,000)
Total Cost of sales and operating expenses excluding amortisation & depreciation	4,700,119	(4,696,036)
<i>Depreciation and amortisation</i>		
Amortisation of software	(129,126)	(130,354)
Depreciation of right-of-use assets	(124,062)	(124,868)
Depreciation of property, plant & equipment	(35,650)	(35,807)
Total depreciation & amortisation expense	(288,838)	(291,029)
Total cost of sales & operating expenses	(4,988,957)	(4,987,065)
<i>Depreciation and amortisation included in function expenses as follows:</i>		
Cost of sales	(14,706)	(11,875)
General and administration	(109,967)	(62,008)
Sales and marketing	(14,583)	(26,525)
Research and development	(149,581)	(190,621)
Total depreciation & amortisation expense	(288,838)	(291,029)

NOTE 4. RIGHT OF USE ASSETS

	As at 31 December 2020 \$	As at 30 June 2020 \$
Land and buildings – right-of-use	<u>937,570</u>	<u>967,033</u>
Less: Accumulated depreciation	<u>(754,269)</u>	<u>(654,020)</u>
	<u>183,301</u>	<u>313,013</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.

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 2020	As at 30 June 2020
Note	\$	\$
Goodwill		
Cost	4,722,851	4,722,851
	<u>4,722,851</u>	<u>4,722,851</u>
Intellectual property rights		
Carrying value	5,303,164	5,370,569
	<u>5,303,164</u>	<u>5,370,569</u>
Software / Source Code		
Software / Source Code – at cost	2,582,596	2,582,596
Accumulated depreciation	(647,612)	(518,486)
	<u>1,934,984</u>	<u>2,064,110</u>
Total Intangible assets	<u>11,960,999</u>	<u>12,157,530</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.

	July 2020 to December 2020	July 2019 to June 2020
Goodwill		
Opening Balance	4,722,851	4,722,851
Closing balance	<u>4,722,851</u>	<u>4,722,851</u>
Intellectual property rights		
Opening Balance	5,370,569	5,420,054
Foreign currency revaluation	(67,405)	(49,485)
Closing balance	<u>5,303,164</u>	<u>5,370,569</u>
Software / Source Code		
Opening Balance	2,064,110	2,324,598
Amortisation	(129,126)	(260,488)
Closing balance	<u>1,934,984</u>	<u>2,064,110</u>
Total Intangible assets	<u>11,960,999</u>	<u>12,157,530</u>

NOTE 6. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group had no contingent liabilities or contingent assets at the date of this interim financial report.

NOTE 7. AFTER BALANCE DATE EVENTS

Following the passing of a shareholder resolution at the 2020 Annual General Meeting, Techniche Limited was delisted from the Australian Securities Exchange (ASX) from 1 February 2021. The delisting is not expected to have any effect on the operations of the Consolidated Group. There are no other 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 2020, the Group has reported a net current asset deficiency of \$448,361 [30 June 2020: \$793,294]. However, the current liabilities include unearned income of \$4,076,206 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.

In the directors' opinion:

1. the financial statements and notes, as set out on pages 9 to 22 are in accordance with the *Corporations Act 2001* including:
 - a. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the financial position as at 31 December 2020 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 payable, and

The directors have been given the declarations from the Chief Executive Officer and the Chief Financial Officer

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



Karl P Jacoby
Executive Chairman

Brisbane, 25 February 2021

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 2020, 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 2020, 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.

PKF Brisbane Audit ABN 33 873 151 348

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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 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.

PKF BRISBANE AUDIT**SHAUN LINDEMANN
PARTNER**25 FEBRUARY 2021
BRISBANE