Tech:niche.

Interim Report 2022

Techniche Limited & Controlled Entities

ABN 83 010 506 162

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ABOUT TECHNICHE

Techniche is a technology company. For more than 20 years we have created software that has led the way in monitoring and maintaining the critical operational assets of leading companies and government organisations across the globe.

OUR SOLUTIONS

We have a range of current and emerging solutions that simplify how our customers monitor, maintain, analyse, & optimize the operational & financial performance of their business-critical assets.

Our solutions include:

- Techniche Urgent automated maintenance management solution
- Techniche Statseeker high performance network monitoring solution
- DFS/Techniche compliance and asset management solution
- Techniche EVC electric vehicle charging maintenance solution

OUR CULTURE

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

- An open-minded team who proactively approaches all challenges with integrity and balance,
- Who build more than software - we create experiences that customers love,
- Who constantly ask ourselves is there a better way - we explore, we learn, we adjust,
- Who understand that our critical assets start with our people.

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 using AI and machine learning to provide 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 have 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

OUR CUSTOMERS INCLUDE…

MANAGEMENT COMMMENTARY

As at December 31, 2021, Techniche's Annualised Recurring Revenues (ARR) on a constant currency basis grew by 5.9% compared to the prior half year and was generated from our two core solutions, Urgent and Statseeker. It is pleasing to report that Statseeker's ARR increased by 10.0%, while Urgent's ARR grew by 2.3%.

	2021	2020	change
Annualised Recurring Revenues (Constant Currency[1])			
Urgent	**5,166,009**	5,051,426	2.3%
Statseeker	**4,983,576**	4,531,017	10.0%
Total ARR	**10,149,585**	9,582,443	5.9%

1. Constant currency measured at average FY2022 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.

The impact from the global COVID-19 pandemic on industry shows and customer visits, is still apparent but the effects are diminishing, and businesses are gradually returning to normal operations.

A key focus of management has been creating additional revenue streams to support our 20% ARR growth target. It is expected that the additional revenue streams will come from a range of current and emerging markets and solutions including;

- Dover Fueling Solutions compliance and asset management solution
- Techniche EVC electric vehicle charging maintenance solution, for which we have received our first order.
- Security Screening monitoring and business information solution
- Wireless Internet Service Provider (WISP) solution

FINANCIAL COMMENTARY

Revenue Growth

Urgent's recognised recurring revenues increased as customers showed some recovery from the impacts Covid in the comparative period. The increase in recurring revenues was a result of new customers won and some expansion of existing customers.   Demand for professional services had been severely impacted in the prior comparative period but recovered in the current period to similar levels experienced before the pandemic.

Statseeker's recognised recurring revenues increased as a result of good responses to our digital marketing campaigns, a high retention of existing customers, and the full impact of new business acquired in the second half of FY2021. Professional services continued to grow from a low base as customers are increasingly looking for value-adding services to compliment the Statseeker software.

Six months to 31 December	2021	2020	change
Total Revenues			
Urgent			
Subscription and other recurring revenues	**2,547,669**	2,481,793	2.7%
Professional services and other non-recurring revenues	**383,439**	229,955	66.7%

FINANCIAL COMMENTARY (CONTINUED)

Six months to 31 December	**2021**	**2020**	**change**
Total Revenues			
Statseeker			
Subscription and other recurring revenues	**2,446,623**	2,293,401	6.7%
Professional services and other non-recurring revenues	**126,276**	27,817	354.0%
Total Group Revenues			
Subscription and other recurring revenues	**4,994,292**	4,775,194	4.6%
Professional services and other non-recurring revenues	**509,715**	257,772	97.7%
Total revenue from IT services	**5,504,006**	5,032,966	9.4%

Gross Profit

Gross profit increased by 10% during the year with a 0.4% improvement in the gross margin. Improved professional service revenues from Urgent and Statseeker were complimented by growth in recurring revenues from both products and a 5.6% appreciation in the GBP against the AUD.

Six months to 31 December	**2021**	**2020**	**change**
Total revenue from IT services	5,504,006	5,032,966	9.4%
Cost of sales	(1,259,466)	(1,174,345)	7.2%
Gross profit	4,244,540	3,858,621	10.0%
Gross margin (%)	77.1%	76.7%	0.4%

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.

FINANCIAL COMMENTARY (CONTINUED)

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

EBITDA was down by 28.5% as the increase in gross profit was offset by an increase in operating expenses as the group continues to invest in sales, marketing and product development. The comparative result from December 2020 included government rebates of $87,500 relating to business subsidies to offset the initial impact of COVID-19. Excluding these subsidies would have resulted in underlying EBITDA decreasing by 9.5%.

Six months to 31 December	**2021**	**2020**	**change**
Net profit/(loss) before tax	**(8,962)**	**116,015**	**(107.7%)**
Add back: Interest	13,164	10,379	
Add back: Depreciation	163,064	159,839	
Add back: Amortisation	128,999	128,999	
Earnings Before interest, tax, depreciation & amortisation	**296,735**	**415,232**	**(28.5%)**
EBITDA margin	*5.4%*	*8.3%*	*(2.9%)*

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 4.1% higher due to the appointment of a global head of sales, a specialist in digital marketing, both in the second half of FY2021 and the recommencement of lead generation activities such as trade shows that had been impacted by COVID-19. Our sales pipeline continues to improve with a combination of core Urgent and Statseeker opportunities, plus emerging opportunities from our partner network, as well as interest in the maintenance of Electronic Vehicle Charging assets.

Six months to 31 December	**2021**	**2020**	**change**
Sales and marketing expense	1,194,376	1,147,563	4.1%
Percentage of operating revenue	21.7%	22.8%	(1.1%)

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 and as a percentage of revenue as the company continued to invest across all products and due to the appointment of additional senior engineering staff. Key projects during the year included completing the rebuild of the Statseeker simulator and commencing a project to improve the Urgent mobile application.

Six months to 31 December	**2021**	**2020**	**change**
Research and development expense (excl. amortisation)	1,985,692	1,450,930	36.9%
Amortisation	128,999	128,999	0.0%
Research and development expense	**2,114,691**	**1,579,929**	**33.8%**
Percentage of operating revenue	38.4%	31.4%	7.0%

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 13.9% lower as a result of delisting from the ASX and lower consultant fees

Six months to 31 December	**2021**	**2020**	**change**
General and administration expense	927,365	1,076,602	(13.9%)
Percentage of operating revenue	16.8%	21.4%	(4.5%)

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

For the 6 months to December 2021 COVID continued to have an impact on the business. Most staff continued to work from home, with several being infected by COVID. As well, we have been unable to visit many customers, and there have been limited opportunities to attend trade shows and conferences, which is key source for generating leads for the Urgent product.

As we move into the new calendar year, we are pleased to report that we have a number of trade shows and conferences to attend and are planning to start meeting with customers again.

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 2021. 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 ($83,241) [2020: $64,978].

REVIEW OF OPERATIONS

The Company now operates as 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 manage 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 wells providing a high levels 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 2021.

FINANCIAL POSITION

Net assets of the Group have decreased by $2,304 from $11,806,602 in June 2021 to $11,804,298 in December 2021. This reflected the small consolidated loss after tax.

Cash balances have increased by $835,072 to $3,425,427 [June 2021: $2,590,355].

DIRECTORS' REPORT

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company have 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 EVC (electric vehicle charging) maintenance solution in the market and both with growing interest.

We also have a range of emerging solutions with the Security Screening monitoring and business information solution and the Wireless Internet Service Provider (WISP) solution most advanced.

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 2021.

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 2021 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, 24 February 2022

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 2021, 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

24 FEBRUARY 2022
BRISBANE

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2021

	Note	2021	2020
		$	$
Revenue from IT Services	2	**5,504,006**	5,032,966
Cost of sales	3	**(1,259,466)**	(1,174,345)
Gross Profit		**4,244,540**	3,858,621
Foreign exchange gain / (loss)		**(3,435)**	(15,633)
Other income		**-**	87,500
Operating Expenses			
General and administration		**(927,365)**	(1,076,602)
Sales and marketing		**(1,194,376)**	(1,147,563)
Research and development		**(2,114,692)**	(1,579,929)
Total operating expenses	3	**(4,236,433)**	(3,804,094)
Operating profit / (loss) from ordinary activities		**4,672**	126,394
Interest income		**132**	139
Interest expense (includes interest on lease liabilities)		**(13,766)**	(10,518)
		(13,634)	(10,379)
Profit / (loss) before income tax		**(8,962)**	116,015
Income tax (expense) / benefit		**(74,279)**	(51,037)
Profit / (loss) for the year attributable to the members of the parent entity		**(83,241)**	64,978
Other comprehensive income			
Items that may be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		**80,938**	8,269
Other comprehensive income / (loss) for the year		**80,938**	8,269
Total comprehensive income / (loss) attributable to members of the parent entity		**(2,303)**	73,247

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**2021** **31 December**	2021 30 June
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**3,425,427**	2,590,355
Trade and other receivables		**1,844,328**	2,330,483
Other current assets		**338,395**	216,799
Total current assets		**5,608,150**	5,137,637
Non-current assets			
Property, plant and equipment		**78,113**	81,490
Right-of-use assets	4	**309,218**	445,124
Intangible assets	5	**11,980,194**	12,054,715
Total non-current assets		**12,367,525**	12,581,329
Total assets		**17,975,675**	17,718,966
LIABILITIES			
Current liabilities			
Trade and other payables		**724,820**	759,998
Unearned income		**4,603,483**	4,269,322
Current tax liabilities		**95,290**	42,626
Short term provisions		**352,255**	306,011
Lease liabilities		**123,475**	197,523
Total current liabilities		**5,899,323**	5,575,479
Non-current liabilities			
Long term provisions		**88,879**	84,059
Lease liabilities		**183,175**	252,826
Total non-current liabilities		**272,054**	336,885
Total liabilities		**6,171,378**	5,912,364
NET ASSETS		**11,804,298**	11,806,602
Equity			
Issued capital		**69,799,778**	69,799,778
Reserves		**697,187**	616,249
Accumulated losses		**(58,692,667)**	(58,609,426)
TOTAL EQUITY		**11,804,298**	11,806,602

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2021

	Issued Capital $	Accumulated losses $	Reserves $	Total $
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**
Balance at 1 July 2021	**69,799,778**	**(58,609,426)**	**616,249**	**11,806,602**
Profit attributable to members of the parent entity	-	(83,241)	-	(83,241)
Total other comprehensive income	-	-	80,938	80,938
Sub total	69,799,778	(58,692,667)	697,187	11,804,298
Share capital reduction– share buy-back	-	-	-	-
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2021	**69,799,778**	**(58,692,667)**	**697,187**	**11,804,298**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2021

	Half year 2021 31 December	Half year 2020 31 December
	$	$
Cash flows from operating activities		
Receipts from customers	**6,202,727**	3,891,803
Payments to suppliers and employees	**(5,188,076)**	(4,705,738)
Other Income and interest received	**132**	87,639
Income tax refund / (paid)	**(21,615)**	(63,848)
Interest and other financing paid	**(3,303)**	(10,518)
Net cash provided by (used in) operating activities	**989,865**	(800,662)
Cash flows from investing activities		
Purchase of plant and equipment	**(19,212)**	(16,627)
Net cash provided by (used in) investing activities	**(19,212)**	(16,627)
Cash flows from financing activities		
Repayment of lease liabilities	**(157,689)**	(139,229)
Net cash provided by (used in) financing activities	**(157,689)**	(139,229)
Net increase (decrease) in cash held	**812,964**	(956,518)
Effects of functional currency exchange rate changes	**22,108**	71,839
Cash at the beginning of the year	**2,590,355**	4,468,562
Cash at the end of the year	**3,425,427**	3,583,883

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2021

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 24 February 2022 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 2021 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 2021, 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 2021 annual financial report for the year ended 30 June 2021.

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 2021. 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 2021 $	Half year to 31 December 2020 $
Revenue from contracts with customers		
Subscription and other recurring revenue	**4,994,292**	4,775,194
Professional services	**473,733**	229,955
Software sales	**35,981**	27,817
	5,504,006	5,032,966

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 2021 $	Half year to 31 December 2020 $
Cost of sales and operating expenses		
Auditor remuneration	**(57,304)**	(57,140)
Consulting Fees	**(218,376)**	(313,250)
Commission & other direct costs	**(455,526)**	(361,901)
Directors' remuneration	**(159,671)**	(159,671)
Employee benefits expense	**(3,657,287)**	(3,120,246)
Insurance	**(55,624)**	(65,723)
Travel expenses	**(40,953)**	(4,442)
Premises expenses	**(45,556)**	(82,761)
Sales and marketing	**(330,340)**	(272,646)
Share registry and listing fees	**(9,185)**	(33,829)
Other expenses	**(174,014)**	(217,992)
Total cost of sales and operating expenses excluding amortisation & depreciation	**(5,203,836)**	(4,689,601)
Depreciation and amortisation		
Amortisation of software	**(128,999)**	(129,126)
Depreciation of right-of-use assets	**(139,541)**	(124,062)
Depreciation of property, plant & equipment	**(23,523)**	(35,650)
Total depreciation & amortisation expense	**(292,063)**	(288,838)
Total cost of sales & operating expenses	**(5,495,899)**	(4,978,439)
Depreciation and amortisation included in function expenses as follows:		
Cost of sales	**(18,638)**	(14,706)
General and administration	**(94,010)**	(109,967)
Sales and marketing	**(17,651)**	(14,583)
Research and development	**(161,764)**	(149,581)
Total depreciation & amortisation expense	**(292,063)**	(288,838)

NOTE 4. RIGHT OF USE ASSETS

	As at 31 December 2021	As at 30 June 2021
	$	$
Land and buildings – right-of-use	**837,859**	1,351,139
Less: Accumulated depreciation	**(528,641)**	(906,015)
	309,218	445,124

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

	Note	As at 31 December 2021 $	As at 30 June 2021 $
Goodwill			
Cost		**4,722,851**	4,722,851
		4,722,851	4,722,851
Intellectual property rights			
Carrying value		**5,580,357**	5,525,880
		5,580,357	5,525,880
Software / Source Code			
Software / Source Code – at cost		**2,597,806**	2,597,806
Accumulated amortisation		**(920,820)**	(791,821)
		1,676,986	1,805,985
Total Intangible assets		**11,980,194**	**12,054,715**

Movement in carrying values

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

Goodwill		
Opening Balance	**4,722,851**	4,722,851
Closing balance	**4.722,851**	4,722,851
Intellectual property rights		
Opening balance	**5,525,880**	5,370,569
Foreign currency revaluation	**54,477**	155,311
Closing balance	**5,580,357**	5,525,880
Software / Source Code		
Opening Balance	**1,805,985**	2,064,110
Amortisation	**(128,999)**	(258,125)
Closing balance	**1,676,986**	1,805,985

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 2021, the Group has reported a net current asset deficiency of $291,173 (30 June 2021: $437,842). However, the current liabilities include unearned income of $4,603,483 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 2021

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 Regulations Act 2001* and other mandatory professional reporting requirements; and

    b. giving a true and fair view of the financial position as at 31 December 2021 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

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

Karl P Jacoby

Executive Chairman

Brisbane, 24 February 2022

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 2021, 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 2021, 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.

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 2021 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

24 FEBRUARY 2022
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
Paul Djuric	Customer Success
James Wells	Product - Statseeker
David Cornish	Product - Urgent

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