



Techniche.

ANNUAL
REPORT
2024

Techniche Limited & Controlled Entities
ABN 83 010 506 162

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ABOUT TECHNICHE

Techniche is an investor and operator of technology businesses. Following the completion of the majority investment, Techniche operates software businesses that monitor and maintain the critical operational assets of leading companies and government organisations across the globe.

OUR SOFTWARE PRODUCTS

We have a range of software products that simplify how our customers monitor, maintain, analyse, and optimize the operational and financial performance of their business-critical assets. Our products include:

- Urgent – A complete asset maintenance management software for fuel and convenience retailers.
- Techniche EV - Automating the maintenance of EV charging infrastructure for charge point operators and owners.
- Statseeker - Fast and powerful network performance monitoring software.

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 and simple to use.

OUR COVERAGE

Our software manages and monitors critical operational and IT infrastructure assets across tens of thousands of sites worldwide and is trusted by private, Fortune 500 and S&P 500 companies around the world. We are a global company with teams located in Australia, North America and United Kingdom.

INDUSTRIES

We have amazing customers in many verticals including:

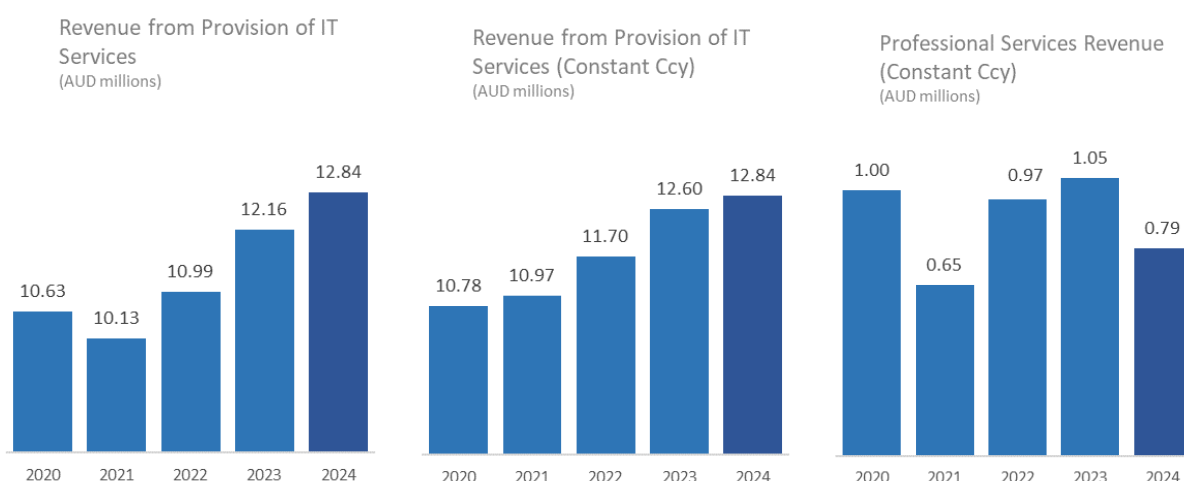
- Fuel retail
- General retail
- Healthcare
- Education
- Government
- Telecommunications

FINANCIAL HIGHLIGHTS

FIVE YEAR SUMMARY

All figures are in AUD '000s unless stated otherwise	2024	2023	2022	2021	2020
Revenue from Provision of IT Services	12,842	12,158	10,990	10,130	10,633
Revenue from Provision of IT Services (constant currency) ⁽ⁱ⁾	12,842	12,598	11,702	10,974	10,777
Professional Services Revenue (constant currency) ⁽ⁱ⁾	785	1,051	969	646	1,004
Gross Profit Margin	79.7%	80.0%	76.5%	76.4%	75.5%
Cost of Revenue	2,609	2,428	2,587	2,390	2,602
Operating Expenses	9,343	8,463	7,378	6,462	6,490
Head Office & Corporate Expenses	967	1,047	1,203	1,372	1,095
Income Tax Expense (Benefit)	83	-	38	(13)	46
Profit / (Loss) After Tax	(206)	55	(253)	(83)	571
Return on Equity	(1.8%)	0.5%	(2.2%)	(0.7%)	4.9%
Cash and Cash Equivalents	4,089	5,380	4,926	2,590	4,469
Net Tangible Assets	126	71	(225)	(248)	(501)
Net Assets	11,601	11,798	11,336	11,807	11,657

(i) Metrics in constant currency represent measures of current operations in current year exchange rates.



LETTER FROM THE CHAIR

Dear Shareholder,

In my last report as CEO, I wrote of the growing opportunities with Techniche EV and Urgent being primarily in the northern hemisphere, and the challenges it created for the UK and USA based teams with management located in Australia.

As a Board we agreed to appoint a UK based CEO who will be responsible for leading the development and execution of the next phase of growth for Techniche, and to ultimately deliver on our stated objective of realising a return for all shareholders.

Daryn Edgar started in the role in early December and spent the initial phase of her appointment reviewing our products, teams, and overall strategy. She is a strong and strategic leader who has brought renewed discipline and focus to the business.

Daryn made two key recommendations - shifting from the consolidated business model to a lines of business model focussed on Statseeker, Urgent, and Techniche EV, and that we consider acting sooner on the realisation of these businesses. The Board accepted both recommendations and are now taking steps to commence a realisation of both businesses over the next 6 to 18 months.

On another matter, Anastasia Ellerby has tendered her resignation from her position as a director of Techniche, with her final meeting occurring in September. Since joining the Board in 2018, Anastasia has been an invaluable member, consistently contributing to Board discussions and the overall direction of the company.

Due to a growing range of commitments outside of Techniche, Anastasia has made the difficult decision to step down, as she can no longer devote the time necessary to fulfill her role while maintaining the high standards she has always upheld. On behalf of the Board and our shareholders, I want to express our sincere appreciation for Anastasia's guidance over the past six years. Her presence and contributions will definitely be missed.

As our constitution requires a minimum of 3 directors, at this stage it is unlikely that we will seek a replacement.

In conclusion I would like to thank the Board and staff for their continued support and commitment to the ongoing success of Techniche.

Yours sincerely,

Karl Jacoby

Chair

Techniche Limited | 5 September 2024

LETTER FROM THE CEO

Dear Shareholder,

Techniche has evolved from its history of investing in technology assets into its current position as an operator of the Urgent and Statseeker businesses. These strong products have formed the foundation of the lines of business that will drive future growth. Since joining in December 2023, I have been welcomed by a dedicated team who have a demonstrated commitment to ensure Techniche reaches its' full potential. The pace of change in the industries we operate continues to move quickly and we are responding and innovating to ensure we continue to provide solutions and value in everything we do.

We have implemented changes in our leadership and structure to focus on our three lines of business: Urgent, Techniche EV and Statseeker. We have a sustainable business plan for each and are sharpening our go-to-market strategies. Our pipeline of new business opportunities has begun to take shape within this plan.

In Statseeker, we have focussed on reshaping our offerings and commercial framework. This will extend our runway by increasing client commitments and forecast certainty. We have experienced initial success in this area in the final quarter of 2024. This will be a continued focus throughout FY2025.

In Urgent, we have focussed on our product and platform to ensure a sustainable and repeatable offering for our customers. We have recommitted to our marquee customers, core market segments and fine-tuned our pursuit of the growth segment.

I'm honoured to have the privilege to lead the Techniche team through this pivotal next chapter of Techniche. Our mission is to help our customers grow their businesses by providing intelligent solutions that unleash value in their business-critical assets. Driving sustainable and profitable lines of business will offer enhanced returns for our shareholders.

Thank you to all our staff for your dedication and support throughout the year. On behalf of all of us, I want to extend a sincere thank you to you, our shareholders, for your support.

Yours sincerely,

Daryn Edgar

Chief Executive Officer

Techniche Limited | 5 September 2024

FINANCIAL COMMENTARY

Revenue Growth

Techniche generates revenues from our three products, Urgent, Statseeker, and Techniche EV.

Urgent's recognised subscription revenues increased by 7.3% with new customers won in our key markets, however demand for professional services was reduced during the year by 60.0% due to lower demand from our existing customers.

Statseeker's recognised subscription revenues increased by 8.5% with a high rate of customer retention. Total recognised revenue from Statseeker was boosted by a 32.6% increase in professional services. Sales for the year included services delivered into a partner who operates in the airport security scanner market and included both subscription and professional services.

Techniche EV continued to build revenues from both existing and new customers with a building pipeline of opportunities in an emerging high-growth market.

<i>Twelve months to 30 June</i>	2024	2023	change
Total Revenues			
Urgent			
Subscription revenues	5,845,815	5,447,301	7.3%
Professional services and other non-recurring revenues	275,180	687,204	(60.0%)
Statseeker			
Subscription revenues	6,020,666	5,551,151	8.5%
Professional services and other non-recurring revenues	539,190	406,733	32.6%
Techniche EV			
Subscription revenues	149,027	65,377	228.0%
Professional services and other non-recurring revenues	12,096	-	100.0%

FINANCIAL COMMENTARY (CONTINUED)

<i>Twelve months to 30 June</i>	2024	2023	change
Total Group Revenues			
Subscription revenues	12,015,508	11,063,829	8.6%
Professional services and other non-recurring revenues	826,465	1,093,937	(24.5%)
Total revenue from IT services	12,841,973	12,157,765	5.6%

Gross Profit

Gross profit increased by 5.2% during the year with a (0.3%) loss in the gross margin due to price increases and additional usage of key expense categories such as hosting.

<i>Twelve months to 30 June</i>	2024	2023	change
Total revenue from IT services	12,841,973	12,157,765	5.6%
Cost of sales	(2,608,677)	(2,427,696)	7.5%
Gross profit	10,233,296	9,730,069	5.2%
Gross margin (%)	79.7%	80.0%	(0.3%)

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 decreased by 33.0% as the costs associated with key appointments in sales and marketing, increased Urgent product costs and some restructuring in the Group leadership impacted our total operating expenses.

<i>Twelve months to 30 June</i>	2024	2023	change
Net profit/(loss) before tax	(122,924)	55,421	(321.8%)
Add back: Interest	(51,489)	31,521	
Add back: Depreciation	346,641	297,660	
Add back: Amortisation	257,998	257,998	
Earnings Before interest, tax, depreciation & amortisation	430,225	642,600	(33.0%)
<i>EBITDA margin</i>	3.4%	5.3%	(1.9%)

EBITDA disclosures (which are non-IFRS 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.

Expenses

Techniche presents Group expenses according to their functional categories of "Sales and Marketing", "Research and Development" and "General and Administration".

Sales and Marketing

The company expanded its' spend on Sales and Marketing as the company prepares for growth strategies to be implemented FY25 with new appointments in the sales team and improvements to the digital marketing framework.

<i>Twelve months to 30 June</i>	2024	2023	change
Sales and marketing expense	3,329,371	3,037,136	9.6%
Percentage of operating revenue	25.9%	25.0%	0.9%

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.

FINANCIAL COMMENTARY (CONTINUED)

Research and Development

Research & Development expenses were higher in overall terms and as a percentage of revenue as the company implemented some reorganizational changes and increased spending on the Urgent product to ensure there are continued high levels of customer experience with an expanding demand on the platform.

<i>Twelve months to 30 June</i>	2024	2023	change
Research and development expense (excl. amortisation)	4,658,674	4,172,180	11.7%
Amortisation	257,998	257,998	0.0%
Research and development expense	4,916,672	4,430,178	11.0%
Percentage of operating revenue	38.3%	36.4%	1.8%

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 stabilised during the year as inflationary impacts in some of the key expense categories experienced in the prior year abated.

<i>Twelve months to 30 June</i>	2024	2023	change
General and administration expense	2,063,906	2,043,293	1.0%
Percentage of operating revenue	16.1%	16.8%	(0.7%)

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.

DIRECTORS' PROFILES

KARL JACOBY

GradDip Mgt, FAICD

Chair

Karl is an active technology and property investor and previously has had exposure to a range of industry sectors and businesses. Currently Karl is the Chair, and the largest shareholder of Techniche. During his time as MD, Techniche grew from a Tasmanian based IT services company to a global IT company with operations in the 3 key geographies of Europe (UK and Germany), US and Australasia. Karl has a Graduate Diploma in Management, is a Fellow of the Australian Institute of Company Directors and was a long-standing member of The Executive Connection.

ANDREW CAMPBELL

BSc(Hons), MBA, MACS (Snr)

Non-Executive Director

Andrew has a career in building growth software and technology businesses, as a general manager, CTO, business developer and in other executive and advisory roles. This includes hands on roles responsible for leading and executing strategies for corporate, R&D, product management, investment and business development and governance. He has developed and delivered substantial product and business growth across major regions including as global CTO for Saville Systems (NASDAQ:SAVLY). Andrew currently works with a range of technology entrepreneurs and investors to establish and build successful technology companies in emerging application areas.

ANASTASIA ELLERBY

BBus, MBA

Non-Executive Director

Anastasia is an entrepreneur who is recognised globally for her expertise in HR technology. Anastasia was one of the founders of Infohrm, a Brisbane based HR Software company. Infohrm grew from its Brisbane base to become a recognised global leader in Workforce planning and analytics software with Fortune 500 customers across USA, Europe and Asia. In 2010 Infohrm was acquired by Success Factors and subsequently German based software company SAP. During her 21-year tenure Anastasia led the growth and development of the firm, with a focus on Product Management and Customer Service. Anastasia is a graduate of business from Griffith University and Bond University where she received her MBA with Distinction. Anastasia is an active member in a number of community organisations, has served on boards for tech start-ups and educational facilities.

DIRECTORS' PROFILES (CONTINUED)

MARK GILL

BE(Hons), FAICD

Non-Executive Director

Mark is one of the three founders of Brisbane Venture Capital Fund Manager, Talu Ventures. He has almost 30 years of experience in the technology sector including ten years in venture capital investing, with a strong background in hardware and software engineering. Mark oversees all aspects of Talu's IT and Telecommunication investments.

Prior to venture investing, Mark spent 16 years in various General Management, Chief Executive, and Global Sales/Marketing roles with a central theme of building organizations to deliver technologies to the global market. With experience developing, commercializing and selling complex systems in more than 30 countries, Mark has confronted the plethora of challenges facing entrepreneurs and managers in the technology sector, including operations and capital raising.

Mark has twice been CEO of growing Australian technology companies that have successfully completed trade sales to multinational organisations. In between those two Mark lived and worked in the USA running global sales for a fast growing telecom software company. Mark is a Fellow of the Australian Institute of Company Directors.

LEADERSHIP GROUP

DARYN EDGAR – CHIEF EXECUTIVE OFFICER.

With more than 20 years of enterprise software experience, Daryn was previously Chief Executive Officer at LYTT, a deep energy tech company with BP Launchpad as their primary shareholder. She was responsible for driving significant commercial growth and business value for clients across Europe, the Middle East and Africa.

Daryn's other roles have included Vice-President of Strategic Alliances at SAP, Director at PwC UK, and an advisor to several start-ups and London-based tech incubators. Daryn has also featured in Computer Weekly's Most Influential Women in UK Technology and the Women in IT Awards.

DAVID WILSON – CHIEF FINANCIAL OFFICER.

David has more than 30 years' experience in the finance and investment industries. Prior roles included senior executive positions with a range of international and domestic banking institutions where he has managed teams of finance professionals and implemented business systems and improvement initiatives. He held the role as the Techniche Group Financial Controller from 2014 until 2018 when he was promoted to the role of Chief Financial Officer.

STEVE BRADY – HEAD OF SALES AND MANAGING DIRECTOR STATSEEKER.

Steve was appointed in December 2020 and leads the sales teams in the Americas, EMEA, and APAC across both Statseeker, Urgent and Techniche EV products. Steve brings more than 30 years' sales and marketing leadership experience to Techniche. In previous roles, Steve has managed teams that supported in excess of \$30 billion in annual sales revenue. He combines his passion for and experience of working with the fuel and convenience retailing sector with a deep understanding of what is required to deliver customer success



TECHNICHE LIMITED

AND CONTROLLED ENTITIES

ABN 83 010 506 162

FINANCIAL REPORT 2024

DIRECTORS' REPORT

The directors of Techniche Limited submit herewith the annual report of Techniche Limited ('the Company') and its controlled entities ('the Group') for the financial year ended 30 June 2024. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

PRINCIPAL ACTIVITIES

The principal activity of the Group is to deliver software solutions – products and services, to a global market. Our focus is to enhance our core products to 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/(loss) of the Group after providing for income tax amounted to (\$205,595) [2023: \$55,225].

REVIEW OF OPERATIONS

The Company continued to develop the offering of its core products, Urgent and Statseeker, while continuing to build the brand and product for Techniche EV to help operators automate the maintenance of Electric Vehicle charging infrastructure. Each product is developed, marketed, and sold through teams working for our wholly owned subsidiary operating companies based in APAC, EMEA and the Americas.

The Company continues to actively engage with our existing customers to ensure we fully understand their needs and to maximise the opportunity from these customers. This strategy has contributed to maintaining our high level of customer retention.

Continuing to build the brand of each product remains a focus as the Company invests in trade events, digital marketing, and website content.

DIVIDEND

No dividend has been declared in respect of the year ended 30 June 2024.

FINANCIAL POSITION

Net assets of the Group have decreased by \$197,086 from \$11,798,407 in 2023 to \$11,601,322 in 2024. The decrease in net assets was primarily due to the recorded loss for the year attributable to the members of the parent entity

Cash balances have decreased to \$4,089,056 [2023: \$5,379,505] due to a change in the invoicing frequency of a key customer from annual to quarterly cycles.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The directors are focussed on building the value of Techniche by ensuring our people and resources are focussed on areas that will provide the best opportunities to grow. Internally we have set growth targets for 2025, with a goal to establish a base for revenue growth and drive momentum into the future.

Our focus is:

- Focus on the customer journey with an effective go to market strategy.
- Develop a repeatable revenue engine.
- Establish a profitable base for growth.

DIRECTORS' REPORT

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES (CONTINUED)

This will mean a continued investment in our product suite, a more focused approach to sales and marketing and developing our people. We have a good base of subscription revenues and solid cash reserves and are well positioned if there is any deterioration in the markets we operate.

For shareholders, we are focused on developing the best option to provide a realisable return.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the 2024 financial year.

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.

RISK MANAGEMENT

The effective identification and management of risk is critical to Techniche and its subsidiaries achieving its operational and strategic goals. The Group recognises that managing threats and maximising opportunities will ensure that business objectives are met in the most effective way possible, leading to increased value for the business and its stakeholders.

The management of risk does not equate to the elimination of risk but follows a process of risk assessment and evaluation of mitigation options. The risks may then be accepted or tolerated and potentially referred to the Board either directly or via the Audit Committee depending on the level of residual risk and our internal delegated levels of authority-

As part of the Board's process of setting Group strategy and ongoing monitoring of operations, risks are continuously assessed regarding potential impacts on strategic and financial outcomes, with policies and procedures employed to mitigate adverse consequences. These policies/procedures span across the business from financial aspects like currency hedging and foreign exchange management to IT security and cyber threats.

Over the Covid and post-covid years, matters like foreign exchange variation, challenging labour markets globally, and slowing major economies with continued high inflationary pressure presented a unique set of challenges to small global businesses such as Techniche. During this period the Board has actively tightened its stance on risk tolerance to buffer against the many variables that affect our business. The primary mechanism has been to continue to build and strengthen the working capital position of the business which we view as the cornerstone of a relatively conservative risk management approach.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Director	Qualifications and experience	Special responsibilities	Interest in shares at 30 June 2024
KARL JACOBY (Chair) Grad Dip Bus Admin, FAICD	Karl is an active business, property and angel investor. Karl has a Graduate Diploma in Management and is a Fellow of the Australian Institute of Company Directors.	Director Karl was appointed Chair on close of the 2012 AGM.	48,455,539 ordinary shares
ANDREW CAMPBELL BSc(Hons), MBA MACS (Snr)	Andrew has an extensive technology and investment background. Currently Andrew is engaged with development and investment in businesses within emerging technology/application spaces.	Non-executive Director Chair of Audit Committee. Member of Remuneration Committee.	3,281,309 ordinary shares
ANASTASIA ELLERBY BBUS, MBA	Anastasia is a graduate of business from Griffith University and Bond University where she received her MBA with Distinction. Anastasia is an active member in a number of community organisations, has served on boards for tech start-ups and educational facilities.	Non-executive Director Chair of Remuneration Committee.	Nil ordinary shares
MARK GILL BE(HONS)	Mark is one of the three founders of Brisbane Venture Capital Fund Manager, Talu Ventures. He has almost 30 years of experience in the technology sector including ten years in venture capital investing, with a strong background in hardware and software engineering.	Non-executive Director Member of Audit Committee	Nil ordinary shares

All appointments were current for the reported year and through to the date of this report unless otherwise stated.

MEETINGS OF DIRECTORS

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meeting		Audit committee		Remuneration & Nomination committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
KP Jacoby	10	10	-	-	-	-
A Campbell	10	10	2	2	3	3
A Ellerby	10	10	-	-	3	3
M Gill	10	10	2	2	-	-

DIRECTORS' REPORT

COMPANY SECRETARY

The following person held the position of company secretary during the entire financial year:

John Andrew Lemon

(BA, LLB (Hons), GDipAppFin (Finsia),
Grad.Dip.AppCorpGov,)

Mr Lemon is a professional consultant providing company secretary and director services.

INDEMNIFICATION OF OFFICERS

During the reporting period, the parent entity has paid premiums in respect of a contract insuring all the directors and officers of Techniche Limited and its wholly owned subsidiaries against claims, proceedings, liabilities and expenses incurred in their job as director or officer of the company or wholly owned subsidiary except where the liability arises out of conduct involving a wilful breach of duty or where the liabilities have been imposed by law or for any legal action or litigation outside the jurisdiction of the contract. The total amount of the insurance contract premium paid was \$42,500 [2023: \$45,000].

OPTIONS

At the date of this report, there were no unissued ordinary shares of Techniche Limited under option [2023: Nil].

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the

purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under the law of the Commonwealth or of a State or Territory, in which the Group operates.

NON-AUDIT SERVICES

Details of the amounts paid or payable for non-audit services provided during the financial year by the auditor are outlined in Note 4 to the financial statements.

The board of directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The board of directors are of the opinion that the services as disclosed in Note 4 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

DIRECTORS' REPORT


- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

There are no officers of the company who are former audit partners of PKF Brisbane Audit.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 20 of the Annual Report.

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



K P Jacoby

Chair

Brisbane, 5 September 2024

**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 year ended 30 June 2024, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Techniche Limited and the entities it controlled during the year.



PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

BRISBANE
5 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	2024	2023
		\$	\$
Revenue from IT Services	2	12,841,973	12,157,765
Cost of sales	3	(2,608,677)	(2,427,696)
Gross Profit		10,233,296	9,730,069
Foreign exchange loss		(98,938)	(134,521)
Other income		1,178	2,000
Operating Expenses	3		
General and administration		(2,063,906)	(2,043,293)
Sales and marketing		(3,329,371)	(3,037,135)
Research and development		(4,916,672)	(4,430,178)
Total operating expenses		(10,309,949)	(9,510,606)
Operating profit / (loss) from ordinary activities		(174,413)	86,942
Interest income		76,055	327
Interest expense (includes interest on lease liabilities)		(24,566)	(31,848)
		51,489	(31,521)
Profit / (loss) before income tax		(122,924)	55,421
Income tax expense	6	(82,671)	(196)
Profit / (loss) for the year attributable to the members of the parent entity		(205,595)	55,225
Other comprehensive income			
Items that may be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		8,510	407,389
Other comprehensive income for the year		8,510	407,389
Total comprehensive income / (loss) attributable to members of the parent entity		(197,085)	462,614

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024 30 June	2023 30 June
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	7	4,089,056	5,379,505
Trade and other receivables	8	1,728,536	1,402,638
Other current assets	9	300,868	213,709
Total current assets		6,118,460	6,995,853
Non-current assets			
Property, plant and equipment		84,801	88,859
Right-of-use assets	10	598,791	371,668
Intangible assets	11	11,475,667	11,727,127
Total non-current assets		12,159,259	12,187,654
Total assets		18,277,719	19,183,506
LIABILITIES			
Current liabilities			
Trade and other payables	13	879,575	604,834
Unearned income	15	4,617,896	5,726,953
Current tax liabilities		46,298	77,941
Short term provisions	14	507,191	496,238
Lease liabilities	10	325,479	199,028
Total current liabilities		6,376,439	7,104,993
Non-current liabilities			
Long term provisions	14	40,523	107,045
Lease liabilities	10	259,435	173,061
Total non-current liabilities		299,958	280,106
Total liabilities		6,676,397	7,385,099
NET ASSETS		11,601,322	11,798,407
Equity			
Issued capital	16	69,799,778	69,799,778
Reserves	17	814,451	805,941
Accumulated losses		(59,012,907)	(58,807,312)
TOTAL EQUITY		11,601,322	11,798,407

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Ordinary shares \$	Accumulated losses \$	FX translation reserve \$	Total \$
Balance at 1 July 2022	69,799,778	(58,862,535)	398,552	11,335,795
Profit/(loss) attributable to members of the parent entity	-	55,225	-	55,225
Total other comprehensive income	-	-	407,387	407,387
Sub total	-	55,225	407,387	462,612
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2023	69,799,778	(58,807,312)	805,941	11,798,407
Profit/(loss) attributable to members of the entity	-	(205,595)	-	(205,595)
Total other comprehensive income	-	-	8,510	8,510
Sub total	-	(205,595)	8,510	(197,085)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2024	69,799,778	(59,012,907)	814,451	11,601,322

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		11,190,392	12,277,490
Payments to suppliers and employees		(11,975,930)	(11,368,174)
Other Income and interest received		77,233	2,327
Income tax refund / (paid)		(114,315)	19,893
Interest and other financing costs paid		(7,237)	(6,179)
Net cash provided by (used in) operating activities	20(b)	(829,857)	925,356
Cash flows from investing activities			
Purchase of plant and equipment		(54,502)	(44,982)
Net cash provided by (used in) investing activities		(54,502)	(44,982)
Cash flows from financing activities			
Repayment of lease liabilities		(265,791)	(276,022)
Net cash provided by (used in) financing activities		(265,791)	(276,022)
Net increase (decrease) in cash held		(1,150,150)	604,353
Effects of functional currency exchange rate changes		(140,299)	(150,710)
Cash at the beginning of the year		5,379,505	4,925,862
Cash at the end of the year	20(a)	4,089,056	5,379,505

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

The separate financial statements of the parent entity Techniche Limited have not been presented within the financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 5 September 2024 by the directors of the company.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

BASIS OF PREPARATION

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

A. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 13 to the financial statements.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i. the consideration transferred;
- ii. any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- iii. the acquisition date fair value of any previously held equity interest,

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

B. INCOME TAX

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same

taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

The company and its wholly-owned Australian resident entities form a tax-consolidated Group and are taxed as a single entity. The head entity within the tax-consolidated Group is Techniche Limited. The members of the tax-consolidated Group are:

Techniche Limited
Techniche APAC Pty Ltd
Techniche IP Services Pty Ltd
Techniche Technologies Pty Ltd

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

C. FINANCIAL INSTRUMENTS

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified as 'at fair value through profit or loss' in which case the transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

E. IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*).

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed at least annually for goodwill and intangible assets with indefinite lives.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

F. INTANGIBLES (OTHER THAN GOODWILL)

Intellectual property rights

Intellectual property rights acquired as part of a business combination are recognised separately from goodwill. Intellectual property rights are considered to have an indefinite life and are not amortised; instead they are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The intellectual property rights are carried at their fair value at the date of acquisition less impairment losses.

Software / Core Code

Software / core code either acquired or developed internally is only capitalised if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) the cost of the asset can be measured reliably.

After initial recognition, software / core code is carried at cost less accumulated amortisation and any accumulated impairment losses. Software / core code is amortised over the useful life of the software once it is available for use typically using the straight-line method. At least annually, an assessment is performed to ensure that both the amortisation period and amortisation method are still appropriate.

G. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-

end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position.

These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed of.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

H. EMPLOYEE BENEFITS

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

I. PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

J. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

K. REVENUE AND OTHER INCOME

Revenue is measured to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. As a result, the Group's revised accounting policy for revenue recognition is as follows:

- Software licence revenue is recognised on a straight-line basis over the period the software is available to the customer rather than the past practice of recognising when invoiced.

- Software customisation revenue is recognised on a straight-line basis over the period that the software is available to the customer and commencing from the time that the software has been delivered to the customer.

- Software installation / implementation project revenue are recognised as distinct performance obligations when delivered or where the contract results in services that have an "alternative use" and a "right to payment". For project revenues that have no "alternative use" but a "right to payment" exists a percentage completion basis will be applied.

All revenue is stated net of the amount of goods and services tax (GST).

L. CONTRACT ASSETS AND LIABILITIES

Where the Group provides services to customers and the consideration is unconditional, a receivable is recognised as accrued income and included within trade and other receivables as a contract asset. Where the customer pays upfront for services that have not yet been provided, revenue in advance, a contract liability is recognised, which is disclosed on the face of the balance sheet as unearned income.

M. TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

N. LEASES

Right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position unless the leases are short-term or leases of low value assets.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except

where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease

payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

O. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

P. COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Q. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Key estimates - Provision for expected credit losses (ECLs) of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. If the forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future.

Key estimates - Impairment of intangible assets

The Group assesses impairment at each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

NOTE 2. REVENUE FROM IT SERVICES

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

	2024	2023
	\$	\$
Revenue from contracts with customers		
Subscription revenue	12,015,508	11,063,829
Software Sales	41,024	77,777
Professional Services	785,441	1,016,160
	<u>12,841,973</u>	<u>12,157,765</u>
Timing of revenue recognition		
Subscription and other recurring revenue (over a period of time)	12,015,508	11,063,829
Professional services and other non-recurring revenue (at a point in time)	826,465	1,093,937
	<u>12,841,973</u>	<u>12,157,765</u>

NOTE 3. EXPENSES

The Group categorises 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.

	2024	2023
	\$	\$
<i>Cost of sales and operating expenses</i>		
Auditor remuneration	130,712	103,707
Consulting Fees	650,457	412,328
Hosting & other direct costs	670,340	602,948
Directors' remuneration	280,764	329,343
Employee benefits expense	8,903,451	8,068,199
Insurance	145,023	133,686
Travel expenses	202,357	428,013
Premises expenses	145,658	142,589
Sales and marketing	298,408	379,868
Commission	174,839	187,856
Software and subscriptions	522,816	357,099
Other expenses	189,163	237,007
Total cost of sales and operating expenses excluding amortisation & depreciation	<u>12,313,987</u>	<u>11,382,644</u>
<i>Depreciation and amortisation</i>		
Amortisation of software	257,998	257,998
Depreciation of right-of-use assets	287,753	244,259
Depreciation of property, plant & equipment	58,888	53,401
Total depreciation & amortisation expense	<u>604,639</u>	<u>555,658</u>
Total cost of sales & operating expenses	<u>12,918,626</u>	<u>11,938,302</u>
<i>Depreciation and amortisation is included in function expenses as follows:</i>		
Cost of sales	60,570	40,991
General and administration	62,598	140,804
Sales and marketing	439,806	341,140
Research and development	41,665	32,724
Total depreciation & amortisation expense	<u>604,639</u>	<u>555,658</u>

NOTE 4. AUDITOR'S REMUNERATION

	2024	2023
	\$	\$
Remuneration of the auditor of the parent entity (PKF Brisbane Audit) for:		
- auditing or reviewing the financial report	70,190	66,400
	70,190	66,400
Remuneration of other auditors (PKF Network Firms) for:		
- auditing or reviewing the financial report of subsidiaries	47,961	32,767
- non-audit related services	12,561	4,540
	60,522	37,307

NOTE 5. PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards:

	2024	2023
	\$	\$
Statement of Financial Position		
Current assets	246,395	83,633
Total assets	5,832,109	5,768,511
Current liabilities	248,282	176,801
Total liabilities	4,350,788	3,146,414
Issued capital	69,799,778	69,799,778
Accumulated losses	(68,318,457)	(67,177,682)
Total equity	1,481,321	2,622,096
Statement of Comprehensive Income		
Profit/(loss) for the year	(344,650)	(212,793)
Total comprehensive income for the year	(344,650)	(212,793)

Financial guarantees

The Parent Entity has agreed to provide financial support in relation to trade debts or debts incurred by its subsidiaries that are incurred in the ordinary course of their business.

Contingent liabilities

Parent entity contingent liabilities are consistent with those disclosed in Note 21.

Commitments

At 30 June 2024, the Parent Entity had not entered into any contractual commitments for the acquisition of property plant and equipment [2023: nil]

NOTE 6. INCOME TAX

	2024	2023
	\$	\$
a) The components of income tax expense comprise:		
Current tax benefit / (expense)	(82,671)	(196)
	(82,671)	(196)
b) The prima facie income tax expense on profit from ordinary activities		
Prima facie tax benefit / (expense) on (loss) / profit from ordinary activities before income tax at 25% [2023: 25%]	30,731	(13,855)
Add/(less) tax effect of:		
(Non-deductible) Other expenses	(69,793)	(64,492)
(Non-deductible) unrealised foreign exchange (gains)/losses	(24,735)	(33,630)
Add: tax withheld on income from foreign subsidiaries	(109,335)	(136,105)
Less: prior year tax adjustments	-	-
Tax losses utilised/(losses) for which no deferred tax asset has been recognised	90,461	247,887
Total Income tax benefit / (expense)	(82,671)	(196)
Weighted average effective tax rate on continuing operations	67.25%	(0.35%)

There have been no changes to the income tax rates applied by the income tax authorities of the jurisdictions in which the Group operates. The movement in the weighted average effective tax rate reflects the relative mix of taxable items that are contained within the Groups continuing operations which vary from year to year. These items include tax benefits from the on-going expenditure on eligible research and development relating to the redevelopment of Group software within the United Kingdom and offset of profits against accumulated tax losses.

c) Tax losses:

Unused tax losses for which no deferred tax asset has been recognised	54,524,250	54,255,549
Potential tax benefit at 25%	13,631,062	13,563,887

All unused tax losses were incurred by Australian entities. The benefits from tax losses will only be realised if it is probable that future tax profits will be available against which deductible losses can be utilised.

These benefits will only be obtained if –

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable benefit from the deduction for the loss to be realised;
- ii. the Group continues to comply with the conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

d) Tax consolidation legislation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated Group and are therefore taxed as a single entity. The head entity within the tax-consolidated Group is Techniche Limited.

NOTE 7. CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Cash at bank and on hand	<u>4,089,056</u>	<u>5,379,505</u>

The effective interest rate on short-term bank deposits was between 1.0% and 2.0% [2023: between 0.0% and 1.0%].

NOTE 8. TRADE AND OTHER RECEIVABLES

	2024	2023
	\$	\$
Current		
Trade receivables	<u>1,587,172</u>	1,312,814
Other receivables	<u>141,364</u>	89,824
	<u>1,728,536</u>	<u>1,402,638</u>

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Group is considered to be related to the class of assets described as Trade and other receivables.

On a geographic basis, the Group has credit risk exposures in its three operating regions of Europe, the Middle East and Africa (EMEA), the Asia Pacific (APAC) and North America and Canada (The Americas). The Group's exposure to credit risk for receivables at reporting date to those regions is as follows:

EMEA	<u>1,080,779</u>	701,732
Americas	<u>557,227</u>	667,163
APAC	<u>90,530</u>	33,743
	<u>1,728,536</u>	<u>1,402,638</u>

Credit Risk – trade and other receivables

The following table details the Group's trade and other receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables using historical observed default rates and regularly calibrates for forecast changes in economic conditions.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross	Past due and impaired	Past due but not impaired (days overdue)				Within trade terms
			< 30 days	31 - 60 days	61 - 90 days	> 90 days	
	\$	\$	\$	\$	\$	\$	\$
2024							
Trade receivables	1,587,172	-	91,357	66,889	144,632	169	1,284,124
Other receivables	141,364	-	-	-	-	-	141,364
	<u>1,728,536</u>	-	<u>91,357</u>	<u>66,889</u>	<u>144,632</u>	<u>169</u>	<u>1,425,487</u>
2023							
Trade receivables	1,312,814	-	462,964	28,763	166,445	33,934	620,708
Other receivables	89,824	-	-	-	-	-	89,824
	<u>1,402,638</u>	-	<u>462,964</u>	<u>28,763</u>	<u>166,445</u>	<u>33,934</u>	<u>710,532</u>

Neither the Group nor the parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

NOTE 9. OTHER CURRENT ASSETS

	2024	2023
	\$	\$
Prepayments	207,760	140,443
Security deposits	93,108	73,267
	300,868	213,709

NOTE 10. RIGHT OF USE ASSETS

	2024	2023
	\$	\$
Land and buildings – right-of-use	903,008	829,964
Less: Accumulated depreciation	(304,217)	(458,296)
	598,791	371,668

The consolidated group 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.

As outlined in Note 1, 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 11. INTANGIBLE ASSETS

	2024	2023
	\$	\$
Goodwill		
Cost	4,722,851	4,722,851
	<u>4,722,851</u>	<u>4,722,851</u>
Intellectual property rights		
Carrying value	5,720,825	5,714,287
	<u>5,720,825</u>	<u>5,714,287</u>
Software / Source Code		
Software / Source Code – at cost	2,597,806	2,597,806
Accumulated amortisation	(1,565,814)	(1,307,817)
	<u>1,031,991</u>	<u>1,289,989</u>
Total Intangible assets	<u>11,475,667</u>	<u>11,727,127</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.

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	5,714,287	5,290,072
Foreign currency revaluation	6,538	424,214
Closing balance	<u>5,720,825</u>	<u>5,714,287</u>
Software / Source Code		
Opening Balance	1,289,989	1,547,987
Amortisation	(257,998)	(257,998)
Closing balance	<u>1,031,991</u>	<u>1,289,989</u>

NOTE 11. INTANGIBLE ASSETS (CONTINUED)

Impairment disclosures

	2024	2023
	\$	\$
Goodwill is allocated to cash generating units which are based on the Group's branded product offerings.		
Statseeker	4,722,851	4,722,851
Total	4,722,851	4,722,851

Goodwill was recorded in relation to the acquisition of the Statseeker Group of companies on 30 January 2018. In accordance with accounting standard AASB 136 Impairment of Assets, the Group tests goodwill for impairment annually or more frequently whenever indicators of impairment are identified. In accordance with the accounting standard the Group has set 30 June as the date for the annual review for impairment of the cash generating units (CGUs) to which goodwill has been allocated.

Intellectual Property Rights are allocated to cash generating units which are based on the Group's branded product offerings.

Urgent Technology Limited	5,720,825	5,714,287
Total	5,720,825	5,714,287

Intellectual Property Rights have been recorded in relation to the acquisition of Urgent Technology Limited on 28 May 2010. At the date of the acquisition the excess of the purchase consideration over the Net Tangible Assets acquired was identified as the right to use the Urgent (formerly known as "eMaintenance") Software in servicing the customers of Urgent Technology Limited. The Urgent software was subsequently sold by Urgent Technology Limited to Techniche Limited on 14 March 2012, however the rights to use the software remained with Urgent Technology Limited. There is no expiry to the Intellectual Property Rights and the Urgent software continues to be maintained. Therefore, the rights have been assessed as having indefinite useful lives and are assessed at least annually for impairment.

Software is allocated to cash generating units which are based on the Group's reporting segments.

Statseeker	1,031,991	1,289,989
Total	1,031,991	1,289,989

Software was recorded in relation to the acquisition of the Statseeker Group of companies on 30 January 2018. Software is assessed at least annually for impairment.

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections utilising financial budgets approved by the directors over a five-year period and where justified an additional five-year terminal value discounted at a pre-tax discount rate of 19.0%. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating unit operates. Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical data to project revenues, costs and net profit positions before management fees for the relevant reporting segment.

The discounted cash flow model (DCF) uses post-tax cash flow projections that are based on the most recent Board approved 12-month budget and extrapolated for a further four years using underlying customer revenue contract data, appropriate growth rates, cost synergies, risk-based discount rates and a terminal value as appropriate for the CGU.

The assumptions applied in calculating the recoverable amounts of the CGU in testing for impairment are as follows:

	Urgent	Statseeker
New recurring revenue growth rate	2%	2%
Existing recurring revenue growth	2%	2%
Annual operating expenditure growth	4%	4%
Pre-tax Discount Rate	19%	19%
Terminal value	Five-year	Five-year

NOTE 11. INTANGIBLE ASSETS (CONTINUED)

The discount rates for each CGU reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for each CGU's risk-free rate in each CGU's major operating country.

Projected revenue growth rates in each CGU are appropriate based on experience and forecasts of the growth of the market for software products.

Sensitivity to changes in assumptions

For Urgent CGU, if the New Recurring Business in the first year achieved less than 30% of the board approved budget, it would result in an impairment in IP, with all other assumptions remaining constant. The discount rate would need to be at 19% not to show an impairment in the module, with other assumptions remaining constant. For Statseeker, if no New Recurring Business in the next five years, the goodwill and software would still have a carrying amount exceeding the recoverable amount. The discount rate would need to be at 51% before the CGU would need to be impaired, with all other assumptions remaining constant.

NOTE 12. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1. All subsidiaries have share capital consisting solely of ordinary shares held directly by the Group.

	Country of incorporation	Percentage owned	
		2024	2023
		%	%
Subsidiaries of Techniche Limited:			
Techniche Technologies Pty Ltd	Australia	100	100
Techniche IP Services Pty Ltd	Australia	100	100
Techniche APAC Pty Ltd	Australia	100	100
Techniche Holdings USA Inc.	USA	100	100
Techniche Americas LLC	USA	100	100
Techniche EMEA Limited	United Kingdom	100	100

NOTE 13. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Current liabilities		
Trade payables	209,321	123,470
Sundry payables and accrued expenses	670,254	481,364
	879,575	604,834

NOTE 14. PROVISIONS

	2024	2023
	\$	\$
(a) Short-term Provisions		
Short term employee entitlements		
Balance at 1 July	496,238	369,712
Transferred from long term	102,434	-
Additional provisions	410,762	552,503
Amounts used	(502,243)	(425,977)
Balance at 30 June	<u>507,191</u>	<u>496,238</u>
(b) Long-term Provisions		
Long term employee benefits		
Balance at 1 July	83,902	83,169
Transferred to short term	(102,434)	-
Additional provisions	38,471	733
Amounts used	-	-
Balance at 30 June	<u>19,939</u>	<u>83,902</u>
Other provisions	<u>20,584</u>	<u>23,143</u>
Balance at 30 June	<u>40,523</u>	<u>107,045</u>
Analysis of total employee provisions		
Current	507,191	496,238
Non-current	19,939	83,902
	<u>527,130</u>	<u>580,140</u>

NOTE 15. UNEARNED INCOME

	2024	2023
	\$	\$
Balance at 1 July	5,726,953	5,105,278
Net movements	(1,109,057)	621,674
Balance at 30 June	<u>4,617,896</u>	<u>5,726,953</u>

Unearned Income is a contract liability and is recognised in accordance with the revenue recognition accounting policy at Note 1(L).

NOTE 16. ISSUED CAPITAL

	2024 Number	2023 Number	2024 \$	2023 \$
a) Ordinary shares				
At the beginning of the reporting period	209,067,233	209,067,233	69,799,778	69,799,778
Shares bought back	-	-	-	-
At reporting date	209,067,233	209,067,233	69,799,778	69,799,778
Fully paid	209,067,233	209,067,233	69,799,778	69,799,778

b) Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders, comprising of contributed equity and accumulated losses. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back existing shares, sell assets or adjust the level of activities undertaken by the Group.

The Group monitors capital on the basis of cash flow requirements for operational and financing activities. The Group has no exposure to borrowings as at 30 June 2023 [2022: nil]. The Group's strategy to capital risk management is unchanged from prior years.

NOTE 17. RESERVES

	2024 \$	2023 \$
Foreign Currency Translation Reserve	814,451	805,941

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

NOTE 18. CASH-FLOW INFORMATION

	2024	2023
	\$	\$
a) Reconciliation of cash		
For the purpose of the Consolidated Statement of Cash Flows cash includes cash on hand and at bank and short-term deposits on call. Cash at the end of the period as shown in the Consolidated Statement of Cash Flows is recorded as follows:		
Cash at bank and on hand (Note 7)	4,089,056	5,379,505
Cash per statement of cash flows	4,089,056	5,379,505
b) Reconciliation of cash flows from operations with profit / (loss) after income tax		
Profit / (loss) after income tax	(205,595)	55,225
Non-cash flows in profit/(loss):		
Depreciation and amortisation	604,639	555,658
Unrealised foreign exchange (gains) / losses	98,938	134,521
(Increase)/decrease in right of use assets	4,620	29,756
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,638,404)	(701,477)
(Increase)/decrease in other current assets	(87,158)	61,023
Decrease/(increase) in payables / unearned income	1,478,191	642,760
Decrease/(increase) in provisions	(53,443)	127,801
Decrease/(increase) in current tax liabilities	(31,643)	20,089
Cash flows from operations	(829,857)	925,356

NOTE 19. 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. As at balance date, the Directors are unable to determine the probability or reliably calculate a provision or liability in relation to this scheme.

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

NOTE 20. RELATED PARTY TRANSACTIONS

Techniche Limited is the ultimate parent entity in the wholly owned group comprising the Company and its wholly owned controlled entities. Transactions between the Company and its controlled entities have been eliminated in the consolidated financial statements.

The aggregate amounts of transactions between the Company and its controlled entities are in the respective classification categories in the financial statements. The nature, terms and conditions of each different type of transaction area are as follows:

- Loans between the Company and its controlled entities are unsecured and advanced on an interest free basis
- Inter entity fees are charged for the on-going development of centrally owned intellectual property
- Inter-entity fees are charged for the distribution of software products relating to the centrally owned intellectual property
- Some operating expenses are incurred centrally and recovered from other Group entities

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Key Management Personnel compensation

	2024	2023
	\$	\$
Short-term employee benefits	1,036,635	1,268,829
Post-employment benefits	78,037	78,323
	1,114,672	1,347,152

NOTE 21. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	2024	2023
	\$	\$
Financial assets		
Cash and cash equivalents	4,089,056	5,379,505
Trade and other receivables	1,728,536	1,402,638
	<u>5,817,592</u>	<u>6,782,143</u>
Financial liabilities		
Trade and other payables	879,575	604,834
Lease liabilities	584,914	372,089
	<u>1,469,489</u>	<u>976,923</u>

The main risks the Group is exposed to through its financial instruments are liquidity risk, foreign currency risk, credit risk and price risk.

a) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect the undiscounted contractual maturity for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the statement of financial position.

Financial assets and liabilities maturity analysis

	Effective Interest Rate		Within 1 year		1 to 5 years		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets								
Cash and cash equivalents	-	-	4,089,056	5,379,505	-	-	4,089,056	5,379,505
Trade and other receivables	-	-	1,728,536	1,402,638	-	-	1,728,536	1,402,638
			<u>5,817,592</u>	<u>6,782,143</u>	-	-	<u>5,817,592</u>	<u>6,782,143</u>
Financial Liabilities								
Trade and other payables	-	-	879,575	604,834	-	-	879,575	604,834
Lease Liabilities	5%	5%	325,479	199,028	259,435	173,061	584,914	372,089
			<u>1,205,054</u>	<u>803,862</u>	<u>259,435</u>	<u>173,061</u>	<u>1,464,489</u>	<u>976,923</u>
Net financial assets / (liabilities)			<u>4,612,538</u>	<u>5,978,281</u>	<u>(259,435)</u>	<u>(173,061)</u>	<u>4,353,103</u>	<u>5,805,220</u>

NOTE 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Net financial assets / (liabilities) in AUD				
	AUD	EURO	GBP	USD	Total AUD
2024					
Functional currency of Group					
Australian Dollars	365,587	-	-	-	365,587
Great British Pounds	-	-	657,227	-	657,227
United States Dollars	-	-	-	3,066,242	3,066,242
Balance sheet exposure	365,587	-	657,227	3,066,242	4,089,056
Year-end exchange rate			.5244	.6624	
2023					
Functional currency of Group					
Australian Dollars	97,128	-	-	-	97,128
Great British Pounds	-	-	2,437,601	-	2,437,601
United States Dollars	-	-	-	2,844,776	2,844,776
Balance sheet exposure	97,128	-	2,437,601	2,844,776	5,379,505
Year-end exchange rate			.5250	.6630	

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 60 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the directors have otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, then risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk is managed at subsidiary level and reviewed regularly by the directors. It arises from exposure to customers. Each entity monitors credit risk by actively assessing the rating quality of counter parties with all potential customers rated for credit worthiness by considering their size, market position and financial standing.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P counterparty credit ratings.

	2024	2023
	\$	\$
Cash and cash equivalents		
- AA Rated	1,022,814	2,534,730
- A Rated	3,066,242	2,844,776
	4,089,056	5,379,505

NOTE 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

NET FAIR VALUES

Fair value estimation

The fair values of financial assets and financial liabilities are compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The net fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value
- Other assets and other liabilities approximate their carrying values

SENSITIVITY ANALYSIS

The following table illustrates sensitivities to the Consolidated Group's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
+/- 100 bps in interest rates		
2024	123,610	123,610
2023	42,554	42,554
Strengthening of AUD against other currencies by 10%		
2024	(246,028)	(91,479)
2023	(318,816)	(86,992)

NOTE 22. 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 23. NET CURRENT ASSET DEFICIENCY

As at 30 June 2024, the Group has reported a net current asset deficiency of \$257,979 [30 June 2023: \$109,140]. However, the current liabilities include unearned income of \$4,617,896 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.

NOTE 24. COMPANY DETAILS

The registered office of Techniche Limited in Australia is:

Ground Floor
143 Coronation Drive
Milton QLD 4064

The principal place of business of Techniche Limited in Australia is:

Ground Floor
143 Coronation Drive
Milton QLD 4064

Other places of business are:

Techniche APAC Pty Ltd
Ground Floor
143 Coronation Drive
Milton QLD 4064

Techniche Americas LLC
5857 Owens Avenue
Suite 300
Carlsbad CA 92008

Techniche EMEA Limited
170 Midsummer Boulevard
Milton Keynes, MK9 1BP
United Kingdom

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As AT 30 JUNE 2024

Entity Name	Type of Entity	% of Share Capital Held	Country of Incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction (s) of foreign residents
Techniche Limited	Body Corporate	100	Australia	Australia	N/A
Techniche Technologies Pty Ltd	Body Corporate	100	Australia	Australia	N/A
Techniche IP Services Pty Ltd	Body Corporate	100	Australia	Australia	N/A
Techniche APAC Pty Ltd	Body Corporate	100	Australia	Australia	N/A
Techniche Holdings USA Inc.	Body Corporate	100	USA	Australia*	USA
Techniche Americas LLC	Body Corporate	100	USA	Australia*	USA
Techniche EMEA Limited	Body Corporate	100	United Kingdom	Foreign	United Kingdom

*The USA entities are also tax residents of their country of incorporation. These companies have met their filing obligations in their country of incorporation

Basis of preparation:

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency:

Determination of Tax Residency Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

• Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

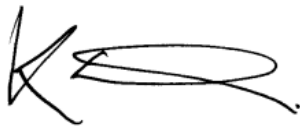
• Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

In the directors' opinion:

1. the financial statements and notes, as set out on pages 14 to 48 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 which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS);
 - b. giving a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the Consolidated Group; and
 - c. In the directors' opinion, the attached consolidated entity disclosure statement is true and correct.
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

Chair

Brisbane, 5 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHNICHE LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Techniche Limited (the company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of Techniche Limited is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at Sunday, 30 June 2024 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

BRISBANE
6 SEPTEMBER 2024

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

John Lemon

GROUP LEADERSHIP TEAM

Daryn Edgar	Chief Executive Officer
David Wilson	Chief Financial Officer
Steve Brady	Head of Global Sales

AUDITORS

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Chartered Accountants
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SOLICITORS

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