

## **2024 Techniche AGM Chairman's Report**

### **General Update**

In my Chairman's report to shareholders within our recent Annual Report I wrote of the appointment of Daryn Edgar as CEO. Daryn has implemented significant change across the business shifting from the consolidated business model to a lines of business model focussed on Statseeker, Urgent, and Techniche EV. This enables us to more clearly focus the value propositions and value creation around each line of business independently.

Unfortunately, I must advise that Daryn recently tendered her resignation and is now working out her notice period. The Board is working with Daryn on a transition plan to ensure that we don't lose momentum or focus on the activities underway across the business.

Due to Daryn's imminent departure I will be presenting the year end report to shareholders.

The focus to a lines of business model focus has enabled us to more carefully consider value realisation for our shareholders. Our businesses have exceptional customer lists, with high levels of customer retention.

However, we have only been able to generate modest business growth across our portfolio. To achieve higher growth would require additional product and market investment globally. An organisation with more substantial financial resource than Techniche would be able to balance the risk associated with that investment with generation of the commensurate return to shareholders.

As such we have determined the view that we should now be positioning each of the businesses as attractive acquisition targets for a buyer. Ideal target buyers can leverage our customer base and technology platforms through their broader market reach and investment appetite.

Aligning our teams and our financial reporting to lines of business has been a critical first step in this process. We continue to strengthen team focus and responsibility, product/market planning, and sales and marketing resource allocation in support of our mission to ensure the lines of business are presented as attractive independent stable businesses. This work will continue through FY25.

### **FY24 Financial Review**

The value of businesses such as ours is correlated to recurring revenues and the stability of our customers. Across Techniche we continue to grow our top line revenues, albeit modestly, but importantly we continue to grow our recurring revenue base with

high levels of customer retention. Overall total revenue grew by 5.6%, with subscription revenues up 8.6%

The non-recurring component of our revenues is a small part overall and is variable depending on various customer spend patterns and market conditions. For the FY24 these professional services revenues were down 24.5%.

Within the product groups we saw the same pattern of modest growth to our recurring revenue base with good customer loyalty, but a greater softness in our professional services and non-recurring business.

For Urgent, 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% as a result of high customer retention rates as well as the delivery of both subscription and professional services to a partner who operates in the airport security scanner market.

Techniche EV revenue grew by 228%, albeit from a low base, from both existing and new customers with a building pipeline of opportunities in an emerging high-growth market.

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.

Our end of year cash balances has decreased to \$4,089,056. This change does not reflect a material change to the net cashflows of the business, it largely reflects a change in the invoicing frequency of a key customer from annual to quarterly cycles. Normalising out the invoicing change the cash position for the financial year would have otherwise resulted in a cash balance of approximately \$5.3m

## **FY25 outlook**

Changes in our leadership and structure to focus on our three lines of business have been implemented and we now have sustainable business plans and 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 FY24 and this will be a continued focus throughout FY25.

In Urgent, we have focussed on our product and platform to ensure a sustainable and repeatable offering for our customers. We have developed a stronger focus with our key customers and core market segments, while continuing our pursuit of the EV market.

A primary focus for the balance of FY25 will be continued prepping and positioning of each business such that it is an attractive, stable and healthy target for potential acquirers able to leverage our business base. This requires focus on continued investment of resource in our businesses, and how to target this for growth versus profitability.

We have also commenced discussions with a range of possible advisors to determine the best organisation to assist in maximising the value of each business, and therefore return to shareholders. I anticipate that we will keep shareholders updated as this progresses.

### **Final matters**

Anastasia Ellerby recently resigned 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. Her contribution will 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.