

ASX: IHR Release

28 February 2023

### **ASX APPENDIX 4D** **For the half-year ended 31 December 2022**

The ASX Appendix 4D of intelliHR Limited and subsidiaries (intelliHR) for the half-year ended 31 December 2022 is filed with the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3. It should be read in conjunction with the intelliHR consolidated half-year financial statements and all other information concerning intelliHR filed with the ASX. Information presented for the previous corresponding period is for the half-year ended 31 December 2021 (unless otherwise stated).

#### **RESULTS FOR ANNOUNCEMENT TO THE MARKET**

			<b>6 months 31 Dec 2022 \$</b>	6 months 31 Dec 2021 \$
Revenue from ordinary activities	Revenue increased	67%	<b>3,887,990</b>	2,328,531
Loss from ordinary activities after tax attributable to members	Loss decreased	15%	<b>(3,929,190)</b>	(4,602,230)
Net loss for the period attributable to members	Loss decreased	15%	<b>(3,929,190)</b>	(4,602,230)

Refer to the intelliHR consolidated half-year financial statements for commentary on the above results.

#### **Dividends**

No final dividend was paid in relation to the year ended 30 June 2022.

No interim dividend will be paid in relation to the half-year ended 31 December 2022.

#### **Net Tangible Assets**

	<b>31 Dec 2022 \$</b>	31 Dec 2021 \$
Net tangible asset backing per ordinary share	<b>(0.01)</b>	0.02

#### **Controlled entities**

No control has been gained over entities during the period.

#### **Associates and joint ventures**

There are no associates or joint ventures.

#### **Status of review**

The half-year results for the period ended 31 December 2022 have been reviewed. The independent review report is unqualified.



**intelliHR Limited**

**ABN 38 600 548 516**

**HALF-YEAR FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED**

**31 DECEMBER 2022**

## **DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

Your directors present their report on intelliHR Limited (referred to hereafter as the 'consolidated entity') for the half-year ended 31 December 2022.

### **DIRECTORS**

The following persons were directors of intelliHR Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Anthony Bellas  
Robert Bromage (Resigned 5 October 2022)  
Ilona Charles  
Matthew Donovan  
Belinda Lajoie  
David Slocomb

### **PRINCIPAL ACTIVITIES**

The principal activities of the company during the half-year were the development of an innovative cloud-based people management platform.

No significant change in the nature of these activities occurred during the half-year.

### **REVIEW OF OPERATIONS**

The loss for the consolidated entity after providing for income tax amounted to \$3,929,190 or \$3,525,421 excluding the Share Based Payments adjustment for the issue of employee share benefits during the six months. (2021: \$4,602,230).

With most technology companies 40-70% off their 12 month share price highs, FY23 began with global concern about recession. The UK, US and ANZ markets quickly slowed expenditure, many industries experienced layoffs, and inflation took the spotlight.

Despite these conditions, the underlying drivers of intelliHR remain strong.

Digital transformation of HR has slowed, but continues. Hybrid working has established itself as the new normal, for now, requiring digital HR systems that engage employees allowing managers to simultaneously build culture and drive productivity remotely. The Chief People Officer role becomes more prevalent in more mid-large companies, who are turning to technology to help them build performance cultures that are goal aligned, agile, and employee-centric.

The simplification of the selling message - intelliHR empowers you to make more intelligent people decisions - coupled with cash management discipline and strategic structural change in all geographies, has put the business in a good position to achieve its next two goals of going past \$10m ARR and to achieve operating cash flow breakeven.

The six months to 31 December 2022 saw continued improvements across revenue figures, including contracted ARR, cashflow and cash position, customer numbers and subscriber conversion.

## **DIRECTORS' REPORT (CONTINUED)**

### **REVIEW OF OPERATIONS (CONTINUED)**

The key events and results for the period are as follows:

- YTD revenue represented an increase of 67% YoY from \$2,328,531 to \$3,887,990
- Increased contracted ARR by \$1.32M in H1FY23 to a total of \$9.01M being a 17% rise
- Renewed focus on ANZ region realised 83% of new ARR in H1FY23
- Rest of world ARR is now 18% of total ARR
- Rolling 12-month retention rate of 116% representing a strong result driven by customer growth, the Company's value-based pricing model, and continued customer retention
- Increased contracted subscribers by 12,947 to a total of 84,345 as at 31 December 2022
- Continued building of intelliHR's best-of-breed partner ecosystem with over 90% of revenue growth including an ecosystem component. These recent results underscore the importance of intelliHR both supporting and informing customer integration needs. Through its Integration Marketplace, intelliHR continues to actively expand the reach of its best-of-breed partnerships, leveraging the network effects from its expanding global ecosystem.
- intelliHR and reseller partner, UK payroll supplier Cintra, launched Cintra HR into the UK market. H1FY23 saw significant work done on Cintra's API technology, sales enablement and readiness, to ensure the Cintra HR product works seamlessly for customers and the sales motion is ready to scale across Cintra's 240k+ headcount customer base. It is expected to accelerate in wins and customers in H2FY23
- Undertaking of further product development into large-scale data management and core HR record keeping enablement projects, including:
  - A range of key functionality advances to enable our larger enterprise customers, and to open the Cintra HR opportunity
  - An upgrade of all security policies and procedures that saw intelliHR achieve security accreditation ISO 27001 and SOC 2 Type 1, critical to mid-market and enterprise organisations in UK and North America
  - Further investment in R&D into analytics and AI to deliver additional functionality including insight generation to underpin business decision-making
  - Significant technology transformation projects were undertaken and completed to increase platform performance for larger enterprise data sets and improving user experience

**DIRECTORS' REPORT (CONTINUED)****STRATEGIC OUTLOOK**

There are two emergent futures for the business.

The first is the Group announced on 31 Jan 2023 a proposal for the acquisition of intelliHR by Humanforce Holdings Pty Ltd and entered a Scheme Implementation Deed. The ASX announcement contains details of Humanforce's vision for the business and should be read as published.

The second, should shareholders vote down the Scheme, is a plan to operate the business going forward that will accelerate initiatives to attain profitability in the short term, with further modest capital raising required. Future growth capital requirements would be assessed in due course. The Group has now passed \$9m in ARR, is excited to win more marquee customers, and is seeing ideal size customer conversions accelerating faster than any other segment.

An alternative to the all-in-one model, intelliHR's success continues to be drawn from its innovative and flexible HR platform, based in machine learning and AI driven insights, which has proven to be quickly adaptable to the needs of individual organisations across the globe. It has continued to invest into efficiently scaling sales operations through a range of product initiatives including reseller, partner ecosystem and module capabilities increasing both the size and scale of its addressable market.

In closing, the business is strongly positioned to proceed with its innovative research and development program in tandem with its win at home and with partners strategy equipped with:

- A strong focus on cash management discipline
- A well-established and proven market fit with enterprise customer segment
- A growing 'best of breed' partner ecosystem
- Increased and growing cash receipts from customers
- Growing contracted ARR (subscription fees)
- A market-leading platform that competes successfully on a global scale and across large employing organisations with its AI and analytical capability
- A strong board with experience across all aspects of management, finance and technology

**SUBSEQUENT EVENTS OCCURRING AFTER THE REPORTING DATE**

The Group announced on 31 Jan 2023 a proposal for the acquisition of intelliHR by Humanforce Holdings Pty Ltd and entered into a Scheme Implementation Deed. According to the published indicative timeline, Shareholders will have the opportunity to vote on the scheme early May 2023.

Should Shareholders vote down the Scheme, the Board and Management have developed a plan that would see the business achieve cash flow breakeven in the short term.

No other matters or circumstances have arisen since 31 December 2022 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

## **DIRECTORS' REPORT (CONTINUED)**

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'MDO', followed by a long horizontal line extending to the right.

**Matthew Donovan**  
**Chair and CEO**

28 February 2023  
Brisbane



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## DECLARATION OF INDEPENDENCE BY L G MYLONAS TO THE DIRECTORS OF INTELLIHR LIMITED

As lead auditor for the review of intelliHR Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of intelliHR Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'L G Mylonas', with a long horizontal flourish extending to the right.

**L G Mylonas**

Director

**BDO Audit Pty Ltd**

Brisbane, 28 February 2023

## CONTENTS

### Half-year financial report

Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	7
Consolidated Balance Sheet .....	8
Consolidated Statement of Changes in Equity .....	9
Consolidated Statement of Cash Flows .....	10
Notes to the Financial Statements .....	11
Directors' Declaration.....	20
Independent Auditor's Review Report.....	21

### General information

The financial statements cover intelliHR Limited as a consolidated entity consisting of intelliHR Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is intelliHR Limited's functional and presentation currency.

intelliHR Limited is a listed public company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business are:

#### Registered office & Principal place of business

Level 3, 230 Brunswick Street  
Fortitude Valley QLD 4006

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2023.



# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	Consolidated	
		31 December 2022 \$	31 December 2021 \$
Revenue	2	3,856,341	2,127,966
Other income	2	31,649	200,565
		<u>3,887,990</u>	<u>2,328,531</u>
Employee benefits expense		(3,578,703)	(3,604,364)
Directors' remuneration		(553,245)	(477,932)
Depreciation and amortisation expense	3	(1,699,020)	(1,069,746)
Marketing expense		(879,220)	(840,630)
Finance expense		(38,673)	(65,206)
General and administrative expense		<u>(1,035,418)</u>	<u>(864,704)</u>
<b>Loss before income tax expense</b>		<b>(3,896,289)</b>	<b>(4,594,051)</b>
Income tax expense		(32,901)	(8,179)
<b>Loss for the period</b>		<b><u>(3,929,190)</u></b>	<b><u>(4,602,230)</u></b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(5,360)	251
<b>Other comprehensive income for the half-year, net of tax</b>		<b><u>(5,360)</u></b>	<b><u>251</u></b>
<b>Total comprehensive income for the half-year</b>		<b><u>(3,934,550)</u></b>	<b><u>(4,601,979)</u></b>
<b>Earnings per share attributable to the ordinary equity holders of the Company:</b>			
		Cents	Cents
Basic earnings per share	9	(1.16)	(1.50)
Diluted earnings per share	9	(1.16)	(1.50)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2022**

	Note	Consolidated	
		31 December	30 June
		2022	2022
		\$	\$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	10	1,707,089	5,482,489
Investments	4	254,357	421,006
Trade and other receivables		604,741	316,614
Prepayments		530,384	565,227
<b>Total current assets</b>		<b>3,096,571</b>	<b>6,785,336</b>
NON-CURRENT ASSETS			
Investments	4	131,007	-
Plant and equipment		25,598	45,133
Right-of-use asset	5	896,944	395,710
Intangible assets	6	5,670,848	4,397,944
<b>Total non-current assets</b>		<b>6,724,397</b>	<b>4,838,787</b>
<b>TOTAL ASSETS</b>		<b>9,820,968</b>	<b>11,624,123</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	7	2,561,918	1,694,725
Revenue received in advance		1,800,870	1,409,200
Lease liability	5	175,899	534,990
<b>Total current liabilities</b>		<b>4,538,687</b>	<b>3,638,915</b>
NON-CURRENT LIABILITIES			
Provisions		88,839	75,363
Lease liability	5	813,098	-
<b>Total non-current liabilities</b>		<b>901,937</b>	<b>75,363</b>
<b>TOTAL LIABILITIES</b>		<b>5,440,624</b>	<b>3,714,278</b>
<b>NET ASSETS</b>		<b>4,380,344</b>	<b>7,909,845</b>
<b>EQUITY</b>			
Contributed equity	8	36,978,381	36,792,101
Reserves		5,432,708	5,219,299
Accumulated losses		(38,030,745)	(34,101,555)
<b>TOTAL EQUITY</b>		<b>4,380,344</b>	<b>7,909,845</b>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

Consolidated

	Contributed equity \$	Share based payments reserve \$	Foreign Currency Translation Reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2021</b>	25,278,740	4,814,394	1,131	(25,108,262)	4,986,003
Loss for the period	-	-	-	(4,602,230)	(4,602,230)
Foreign currency translation	-	-	251	-	251
<b>Total comprehensive income</b>	-	-	251	(4,602,230)	(4,601,979)
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs	11,467,666	-	-	-	11,467,666
Share-based payments	-	304,755	-	-	304,755
<b>Balance at 31 December 2021</b>	36,746,406	5,119,149	1,382	(29,710,492)	12,156,445
<b>Balance at 1 July 2022</b>	36,792,101	5,214,114	5,185	(34,101,555)	7,909,845
Adjustment to prior period	125,000	(125,000)	-	-	-
Loss for the period	-	-	-	(3,929,190)	(3,929,190)
Foreign currency translation	-	-	(5,360)	-	(5,360)
<b>Total comprehensive income</b>	-	-	(5,360)	(3,929,190)	(3,934,550)
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs	61,280	-	-	-	61,280
Share-based payments	-	343,769	-	-	343,769
<b>Balance at 31 December 2022</b>	<b>36,978,381</b>	<b>5,432,883</b>	<b>(175)</b>	<b>(38,030,745)</b>	<b>4,380,344</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	Consolidated	
		31 December 2022 \$	31 December 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (GST inclusive)		4,047,759	2,370,758
Payments to suppliers and employees (GST inclusive)		(5,183,100)	(5,579,537)
Interest received		7,155	19,762
Interest paid	5	(10,866)	(40,362)
Income tax expense		(40,896)	(12,272)
Government incentives		24,600	-
<b>Net cash outflow from operating activities</b>		<b>(1,155,348)</b>	<b>(3,241,651)</b>
<b>Cash flows from investing activities</b>			
Payments for development of intangible assets		(2,541,189)	(1,844,143)
Research and development tax incentive refund and government grants		-	801,374
Payments for plant and equipment		-	(30,344)
Refund of security deposit		35,642	-
<b>Net cash outflow from investing activities</b>		<b>(2,505,547)</b>	<b>(1,073,113)</b>
<b>Cash flows from financing activities</b>			
Proceeds on issue of shares		1,280	11,982,475
Payment of capital raising costs		-	(637,609)
Proceeds from loans to related parties		-	10,651
Principal element of lease payments	5	(114,809)	(341,483)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(113,529)</b>	<b>11,014,034</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(3,774,424)</b>	<b>6,699,270</b>
Cash and cash equivalents at the beginning of the period		5,482,489	4,102,453
Effects of exchange rate changes on cash and cash equivalents		(976)	(570)
<b>Cash and cash equivalents at the end of the period</b>	10	<b>1,707,089</b>	<b>10,801,153</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

### **Note 1 Summary of significant accounting policies**

The consolidated half-year financial statements of intelliHR Limited (the company) as at and for the half-year ended 31 December 2022 comprise the company and its controlled entities (the Group or the consolidated entity). The consolidated interim financial report is a general purpose financial report for the half-year ended 31 December 2022, which has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the 30 June 2022 financial report and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted in the preparation of the half-year financial statements are the same as those applied by the Group in its consolidated financial report as at, and for the year ended 30 June 2022 except for the adoption of new and revised accounting standards.

The carrying values of the Groups financial assets and financial liabilities approximate their fair values due to their short-term nature.

#### **Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group achieved a net loss of \$3,929,190 (2021: \$4,602,230) and net operating cash outflows of \$1,155,348 (2021: \$3,241,651) for the period ended 31 December 2022. As at 31 December 2022, the Group has cash and cash equivalents of \$1,707,089 (2021: \$10,801,153) and net current liability of (\$1,442,116) (2021: net current assets of \$8,446,915).

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Group to raise capital as and when necessary;
- the ability to complete successful development and commercialisation of the Group's software platform.

These conditions give rise to material uncertainty, which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate following the successful capital raisings completed during the prior period and the increased revenues now being achieved through software sales.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This Financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 1 Summary of significant accounting policies (continued)

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Critical accounting estimates and Judgements**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below. The significant judgements made by management in applying Group accounting policies were the same as those applied to the annual financial report for the year ended 30 June 2022.

#### *Recognition of Development Costs*

For the purpose of measurement, AASB 138 allows costs incurred in the development stage to be capitalised if certain requirements are met, including:

- It is technically feasible that the intangible asset will be completed so that it will be available for use;
- It is the intention to complete the intangible asset and use it;
- It can be demonstrated that it is probable that the intangible asset will generate future economic benefits;
- There are adequate resources to complete the development of the intangible asset;
- The expenditure attributable to the intangible asset during its development can be measured reliably.

As the company meets all of the above requirements, all costs directly attributable and necessary to create, produce and prepare the asset to be capable of operating in the manner intended, have been capitalised.

All costs to maintain the development asset are expensed as incurred.

#### *Share based payment transactions*

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the binomial tree model and Hull White model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 2 Income

#### (a) Revenue

	31 December 2022			31 December 2021		
	Australia/ NZ	Americas /UK	Total	Australia/ NZ	Americas /UK	Total
<u>Revenue from contracts with customers</u>	\$	\$	\$	\$	\$	\$
Over time (Service Operating Fees)	2,749,141	623,186	3,372,327	1,565,872	252,966	1,818,838
Over time (Service Initiation Fees)	238,053	81,373	319,426	191,243	29,294	220,537
At a point in time (Professional Fees)	147,761	16,827	164,588	72,588	16,003	88,591
<b>Total Revenue from contracts with customers</b>	<b>3,134,955</b>	<b>721,386</b>	<b>3,856,341</b>	<b>1,829,703</b>	<b>298,263</b>	<b>2,127,966</b>

#### (b) Other Income

	31 December 2022	31 December 2021
	\$	\$
Interest Received	7,146	15,173
Research and Development Incentive	-	184,170
Other Income	24,503	1,222
<b>Total Other Income</b>	<b>31,649</b>	<b>200,565</b>

### Note 3 Loss for the period

*Loss for the half-year includes the following items:*

	31 December 2022	31 December 2021
	\$	\$
Amortisation of intangible assets	1,268,284	838,695
Depreciation of property, plant and equipment	19,536	12,425
Depreciation of right-of-use asset	411,200	218,626
Interest paid on lease liabilities	10,866	40,362
Loss/(gain) on foreign exchange	(16,423)	16,612
<i>Included in employee benefit expense and Directors' remuneration:</i>		
Superannuation contributions	260,872	247,442
Share based payments expense	403,770	405,132
<b>Total</b>	<b>2,358,105</b>	<b>1,779,294</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**
**Note 4 Investments**

	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
Current fixed term cash deposits	254,357	421,006
Non Current fixed term cash deposits	131,007	-
<b>Total Investments</b>	<b>385,364</b>	<b>421,006</b>

**Note 5 Leases**

The Group is the lessee of an office premises and information about this lease is presented below:

	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
<b>RIGHT-OF-USE ASSET</b>		
Opening Balance	395,710	1,954,563
New leases	912,434	-
Accumulated depreciation	(411,200)	(607,884)
Lease Modification	-	(950,969)
<b>Closing balance</b>	<b>896,944</b>	<b>395,710</b>

The previous lease was surrendered early on 31 December 2022 which resulted in the lease modification reported in the 30 June 2022 period. The current period opening balance primarily pertains to the make good and surrender fee on the early termination of this lease which was resolved in January 2023.

A new lease, at another premise, commenced 1 January 2023 with a term of 5 years.

**LEASE LIABILITIES**
**Maturity analysis:**

Less than one year	175,899	534,990
One to five years	813,098	-
<b>Closing balance</b>	<b>988,997</b>	<b>534,990</b>

**AMOUNTS RECOGNISED IN PROFIT OR LOSS**

Interest on lease liabilities	10,866	52,716
Depreciation of right-of-use asset	411,200	607,884

**AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS**
**Cash flows from operating activities**

Interest paid	10,866	52,716
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**Cash flows from financing activities**

Principal element of lease payments	114,809	591,461
<b>Total</b>	<b>125,675</b>	<b>644,177</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**
**Note 6 Non-current assets – Intangible assets**

	<b>31 December 2022</b>	<b>30 June 2022</b>
	\$	\$
<b>DEVELOPMENT COSTS</b>		
Cost	14,406,347	11,865,158
Accumulated amortisation	(8,735,498)	(7,467,214)
<b>Carrying amount</b>	<b>5,670,848</b>	<b>4,397,944</b>

*The Development Costs carried forward above have been determined as follows:*

	<b>31 December 2022</b>	<b>31 December 2021</b>
Balance at the beginning of the period	4,397,944	2,593,071
Additions – internally developed	2,541,188	1,844,143
Research and development tax incentive	-	(617,203)
Amortisation charge	(1,268,284)	(838,695)
<b>Balance at the end of the half-year</b>	<b>5,670,848</b>	<b>2,981,316</b>

Capitalised development costs represent proprietary knowledge developed internally through the construction of the software platform.

Capitalised development costs have finite useful lives and are amortised on a straight-line basis over three years. The current amortisation charge for development costs is included under depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

**Note 7 Current liabilities – Trade and other payables**

	<b>31 December 2022</b>	<b>30 June 2022</b>
	\$	\$
<b>UNSECURED LIABILITIES:</b>		
Trade payables	1,242,565	106,404
Other payables	739,730	950,857
Accrual for annual leave	579,623	633,629
Accrual for long service leave	-	3,835
<b>Total</b>	<b>2,561,918</b>	<b>1,694,725</b>

Increase in Trade payables is due to payment arrangement with the Australian Taxation Office for \$625,777 payable over 10 months from January 2023 and surrender fee payable on previous premise of \$299,702 paid in January 2023.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**
**Note 8 Issued Capital**

	<b>31 December 2022 Shares</b>	<b>30 June 2022 Shares</b>	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
<b>(a) Share capital</b>				
Fully Paid Ordinary shares	339,991,116	339,140,908	36,978,381	36,917,101

**(b) Ordinary share capital**

<b>Date</b>	<b>Details</b>	<b>Note</b>	<b>Number of Shares</b>	<b>Issue Price</b>	<b>\$</b>
<b>30 June 2022</b>	<b>Balance</b>		<b>339,140,908</b>		<b>36,917,101</b>
July 2022	Director incentive shares		341,472	\$0.088	30,000
August 2022	Exercise of options		64,000	\$0.020	1,280
October 2022	Director incentive shares		444,736	\$0.067	30,000
<b>31 December 2022</b>	<b>Balance</b>		<b>339,991,116</b>		<b>36,978,381</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 9 Earnings per share

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of intelliHR Limited	(3,929,190)	(4,602,230)
	Number	Number
Weighted average number of shares used in calculating basic and diluted earnings per share	339,737,451	306,818,690
	Cents	Cents
Basic earnings per share	(1.16)	(1.50)
Diluted earnings per share	(1.16)	(1.50)

### Note 10 Cash flow information

	31 December 2022	31 December 2021
	\$	\$
<i>Cash and cash equivalents shown in the statement of cash flows comprises the following:</i>		
Cash at bank	1,707,089	10,801,153
<b>Total</b>	<b>1,707,089</b>	<b>10,801,153</b>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

### **Note 11 Operating segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis that is the location of the respective areas of revenue generation in Australia/New Zealand and Americas. (Americas includes Canada, United States and Great Britain).

#### **Basis of accounting for purposes of reporting by operating segments**

##### **a. Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

##### **b. Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

##### **c. Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

##### **d. Unallocated items**

The following items for revenue, expenses, assets, and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income
- Global administrative and other expenses
- Global software development expenses
- Global customer help desk expenses
- Global marketing
- Share-based payments
- Research and development tax incentive
- Government incentives
- Income tax expense

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 11 Operating segments (continued)

#### e. Segment Information

<i>Segment Revenue</i>	<b>Australia/NZ</b>	<b>Americas/UK</b>	<b>Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
Revenue	3,134,955	721,386	-	3,856,341
Other income	-	-	31,649	31,649
Total revenue and other income	3,134,955	721,386	31,649	3,887,990

<i>Segment Result</i>	<b>Australia/NZ</b>	<b>Americas/UK</b>	<b>Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
31 December 2022	2,017,179	285,992	(6,232,361)	(3,929,190)

<i>Segment assets</i>	<b>Australia/NZ</b>	<b>Americas/UK</b>	<b>Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
31 December 2022	979,984	162,784	8,678,200	9,820,968

<i>Segment liabilities</i>	<b>Australia/NZ</b>	<b>Americas/UK</b>	<b>Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
31 December 2022	1,946,333	341,708	3,152,583	5,440,624

### Note 12 Events occurring after the reporting date

On the 31st of January 2023, intelliHR announced that it had entered into a Scheme Implementation Deed with Humanforce Holdings Pty Ltd, a majority owned subsidiary of funds advised by Accel-KKR, a leading software investment firm, under which it is proposed that Humanforce will acquire all of the issued shares in IHR for \$0.11 cash per share by way of a recommended Scheme of Arrangement.

## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'M Donovan', followed by a long horizontal line extending to the right.

**Matthew Donovan**  
**Executive Chairman**

28 February 2023  
Brisbane

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of intelliHR Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of intelliHR Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### **Responsibility of the directors for the financial report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **BDO Audit Pty Ltd**



**Loucas Mylonas**  
Director

Brisbane, 28 February 2023