

18 February 2022

INTELLIHR LIMITED (ASX: IHR)
ASX APPENDIX 4D
For the half-year ended 31 December 2021

The ASX Appendix 4D of intelliHR Limited and subsidiaries (intelliHR) for the half-year ended 31 December 2021 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 2020 (unless otherwise stated).

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			6 months 31 Dec 2021	6 months 31 Dec 2020
			\$	\$
Revenue from ordinary activities	Revenue increased	78%	2,328,531	1,305,628
Profit / (loss) from ordinary activities after tax attributable to members	Loss increased	52%	(4,602,230)	(3,033,010)
Net profit for the period attributable to members	Loss increased	52%	(4,602,230)	(3,033,010)

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 2021.

No interim dividend will be paid in relation to the half-year ended 31 December 2021.

Net Tangible Assets

	31 Dec 2021	31 Dec 2020
	\$	\$
Net tangible asset backing per ordinary share	0.02	0.01

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 2021 have been reviewed. The independent review report is unqualified.

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intelliHR Limited

ABN 38 600 548 516

HALF-YEAR FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

31 DECEMBER 2021

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Your directors present their report on IntelliHR Limited (referred to hereafter as the 'consolidated entity') for the half-year ended 31 December 2021.

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:

Greg Baynton (Retired 30 November 2021)
Anthony Bellas
Robert Bromage
Ilona Charles
Matthew Donovan (Appointed 30 November 2021)
Jamie Duffield (Retired 30 November 2021)
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 \$4,602,230 or \$4,197,098 excluding the Share Based Payments adjustment for the issue of employee share benefits during the 6 months. (2020: \$3,033,010).

IntelliHR has produced three consecutive quarters of record Annual Recurring Revenue (ARR) growth, demonstrating a strong response to market demand with increasing customer size and record enterprise customer conversions driving this growth. The six months to 31 December 2021 saw significant improvements across revenue figures including contracted ARR, cashflow and cash position, customer numbers and subscriber conversion. The key events and results for the period are as follows:

- 117% YoY invoiced subscription revenue growth in 1H22. Total YTD revenue represented an increase of 78% YoY income from \$1,305,628 to \$2,328,531.
- Increased contracted ARR by a record \$1.85M in 1H22 to \$5.65M a 101% rise.
- Record Rest of the World contracted revenue growth of \$596,674 during 1H22 with Rest of the World ARR now accounting for 31% of total ARR.
- Rolling 12-month net retention rate of 116% representing a strong result driven by customer growth, the Company's value-based pricing model, and continued customer retention.
- 65% YoY increase in contracted professional services implementations which generated \$621,439 in 1H22.
- 60% increase in total expenses, up \$2,609,722 compared with 1H21, 44% of which is attributable to the Company's global expansion into the USA, Canada and the UK.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

- Increased contracted subscribers by a record 14,858 to a total of 52,138 as at 31 December 2021. During 1H22, the business surpassed the 50,000 contracted subscriber and \$5m in contracted ARR key milestones.
- 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 the new Integration Marketplace, intelliHR continues to actively expand the reach of its best-of-breed partnerships, leveraging the network effects from its expanding global ecosystem. Specific initiatives include intelliHR having a formal reseller agreement with UK payroll supplier, Cintra, which is producing exciting customer leads and acquisitions along with a commercial agreement for entry into the ADP marketplace in the US and Canada following finalisation of integration work.
- Completion of a successful and over-subscribed capital raising in 1H21 which generated \$10.8M in capital net of fees. These funds will contribute to continued and expanded investment across strategic growth activities.
- Undertaking of further product development into large-scale data management and core HR record keeping enablement projects, including:
 - Continue key front-end technology transformation to support the extension of language translation in the platform, opening up new geographic markets. Initial languages rolled out included French Canadian, French, English (US) and Spanish. Additional languages to be added as customer demands support investment.
 - A range of scaling and self-service onboarding initiatives including an automated billing system and customer facing data upload automation.
 - The extension of intelliHR's public API which increases endpoints and functionality extending the potential range of integration possibilities with enterprise payroll systems and the best-of-breed HR ecosystem around intelliHR as core.
 - 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.

STRATEGIC OUTLOOK

Looking forward, the company is excited to build upon the successes of 2021 with customer conversions over 500 headcount accelerating faster than any other segment. intelliHR's success is drawn from its innovative and configurable HR platform 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 foreign language capabilities increasing both the size and scale of its addressable market.

- intelliHR has firmly established a strong platform for global SaaS HR success over the course of 2021. It has continued to invest in building its global coverage in both the North American and UK markets. With three global enterprise conversions during 1H22, and the addition of the Cintra partnership already generating new leads strengthening our existing pipelines, this investment is being appropriately rewarded.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

- intelliHR's growing 'best of breed' partner ecosystem is increasingly underpinning its success, with over 90% of contracted ARR growth in 1H22 having an integration with an ecosystem partner.
- The Company will continue to adapt its offering at all levels of business to service the increasing opportunity for scale offered by enterprise demand. The range of customers intelliHR now supports incorporate 50 to 10,000 employees, are multilingual and are located across the globe.
- The Company will continue to develop emerging reseller technology partnerships creating a new scalable distribution channel.

COVID-19 Impact:

intelliHR has remained productive and engaged during the COVID-19 pandemic, having demonstrated an ability to seamlessly transition to a remote working environment as the pandemic requires. The Company's growth has accelerated since the onset of the pandemic with intelliHR well-positioned to support the global shift to hybrid and "Work from home" arrangements. Through the intelliHR platform, organisations can better manage, support and engage their employees using continuous feedback tools, performance enablement and wellness capabilities, while also accounting for new challenges such as vaccination compliance.

In closing, the business is strongly positioned to proceed with its innovative research and development program in tandem with its global expansion strategy, equipped with:

- A historically high cash position.
- A well-established and proven market fit with the enterprise customer segment.
- A rapidly growing 'best of breed' partner ecosystem.
- Increased and growing cash receipts from customers.
- Growing contracted ARR (subscription fees).
- Rising professional services revenue.
- 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 has no matters or circumstances that have arisen since 31 December 2021 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*.



Tony Bellas Chairman

18 February 2022
Brisbane

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AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF INTELLIHR LIMITED

As lead auditor for the review of intelliHR Limited for the half-year ended 31 December 2021, 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.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 18 February 2022

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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 28, 345 Queen Street
Brisbane QLD 4000

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 18 February 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Consolidated	
		2021 \$	2020 \$
Revenue	2	2,127,966	979,057
Other income	2	200,565	326,571
		<u>2,328,531</u>	<u>1,305,628</u>
Employee benefits expense		(3,604,364)	(2,140,680)
Directors' remuneration		(477,932)	(555,899)
Depreciation and amortisation expense	3	(1,069,746)	(967,282)
Marketing expense		(840,630)	(299,392)
Finance expense		(65,206)	(63,601)
General and administrative expense		(864,704)	(311,784)
		<u>(4,594,051)</u>	<u>(3,033,010)</u>
Loss before income tax expense			
Income tax expense		(8,179)	-
		<u>(4,602,230)</u>	<u>(3,033,010)</u>
Loss for the period			
		<u>(4,602,230)</u>	<u>(3,033,010)</u>
Other comprehensive income for the period, net of tax		251	3,746
		<u>251</u>	<u>3,746</u>
Total comprehensive income for the period		<u>(4,601,979)</u>	<u>(3,029,264)</u>
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share	9	(1.50)	(1.23)
Diluted earnings per share	9	(1.50)	(1.23)

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 2021**

	Note	Consolidated	
		31 December 2021 \$	30 June 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	10,801,153	4,102,453
Trade and other receivables		746,337	730,402
Total current assets		11,547,490	4,832,855
NON-CURRENT ASSETS			
Investments	4	421,006	416,838
Plant and equipment		39,343	21,424
Right-of-use asset	5	1,735,937	1,954,563
Intangible assets	6	2,981,316	2,593,071
Total non-current assets		5,177,602	4,985,896
TOTAL ASSETS		16,725,092	9,818,751
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	2,631,501	2,568,027
Lease liability	5	469,074	573,274
Total current liabilities		3,100,575	3,141,301
NON-CURRENT LIABILITIES			
Provisions		37,744	23,836
Lease liability	5	1,430,328	1,667,611
Total non-current liabilities		1,468,072	1,691,447
TOTAL LIABILITIES		4,568,647	4,832,748
NET ASSETS		12,156,445	4,986,003
EQUITY			
Contributed equity	8	36,746,406	25,278,740
Reserves		5,120,531	4,815,525
Accumulated losses		(29,710,492)	(25,108,262)
TOTAL EQUITY		12,156,445	4,986,003

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 2021**

Consolidated Group

	Contributed equity \$	Share based payments reserve \$	Foreign Currency Translation Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2020	18,671,536	2,737,563	38	(17,474,843)	3,934,294
Loss for the period	-	-	-	(3,033,010)	(3,033,010)
Foreign currency translation	-	-	3,746	-	3,746
Total comprehensive income	-	-	3,746	(3,033,010)	(3,029,264)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	5,942,007	-	-	-	5,942,007
Share-based payments	-	818,669	-	-	818,669
Balance at 31 December 2020	24,613,543	3,556,232	3,784	(20,507,853)	7,665,706
Balance at 1 July 2021	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
Total comprehensive income	-	-	251	(4,602,230)	(4,601,979)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	11,467,666	-	-	-	11,467,666
Share-based payments	-	304,755	-	-	304,755
Balance at 31 December 2021	36,746,406	5,119,149	1,382	(29,710,492)	12,156,445

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 2021**

	Note	Half-year	
		2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		2,370,758	1,082,322
Payments to suppliers and employees (GST inclusive)		(5,579,537)	(2,560,571)
Interest received		19,762	18,381
Interest paid	5	(40,362)	(51,397)
Income tax expense		(12,272)	-
Government incentives		-	103,020
Net cash outflow from operating activities		(3,241,651)	(1,408,245)
Cash flows from investing activities			
Payments for development		(1,844,143)	(885,820)
Research and development tax incentive refund and government grants		801,374	664,814
Proceeds from sale of plant and equipment		-	-
Payments for plant and equipment		(30,344)	(57,542)
Net cash outflow from investing activities		(1,073,113)	(278,548)
Cash flows from financing activities			
Proceeds on issue of shares		11,982,475	5,901,263
Payment of capital raising costs		(637,609)	(71,754)
Proceeds from loans to related parties		10,651	-
Principal element of lease payments	5	(341,483)	(72,601)
Net cash inflow from financing activities		11,014,034	5,756,908
Net increase (decrease) in cash and cash equivalents		6,699,270	4,070,115
Cash and cash equivalents at the beginning of the period		4,102,453	2,790,577
Effects of exchange rate changes on cash and cash equivalents		(570)	(1,856)
Cash and cash equivalents at the end of the period	10	10,801,153	6,858,836

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 2021

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 2021 comprise the company and its controlled entities (the Group).

The consolidated interim financial report is a general purpose financial report for the half-year ended 31 December 2021, 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 2021 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 2021 except for the adoption of new and revised accounting standards.

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 \$4,602,230 (2020: \$3,033,010) and net operating cash outflows of \$3,241,651 (2020: \$1,408,245) for the period ended 31 December 2021. As at 31 December 2021, the Group has cash and cash equivalents of \$10,801,153 (2020: \$6,858,836) and net current assets of \$8,446,915 (2020: \$5,017,408).

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 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 2021

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.

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 2021

Note 2 Income

(a) Revenue

	31 December 2021			31 December 2020		
	APAC	Americas /UK	Total	APAC	Americas /UK	Total
<u>Revenue from contracts with customers</u>	\$	\$	\$	\$	\$	\$
Over time (Service Operating Fees)	1,565,872	252,966	1,818,838	804,090	11,352	815,442
Over time (Service Initiation Fees)	191,243	29,294	220,537	99,110	217	99,327
At a point in time (Professional Fees)	72,588	16,003	88,591	64,288	-	64,288
Total Revenue	1,829,703	298,263	2,127,966	967,488	11,569	979,057

(b) Other Income

	31 December 2021	31 December 2020
	\$	\$
Interest Received	15,173	18,381
Covid 19 Government Stimulus	-	131,645
Research and Development Incentive	184,170	138,175
Other Income	1,222	38,370
Total Other Income	200,565	326,571

Note 3 Loss for the period

Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:

	31 December 2021	31 December 2020
	\$	\$
EXPENSES		
Amortisation of intangible assets	838,695	745,156
Depreciation of property, plant and equipment	12,425	3,500
Depreciation of right-of-use asset	218,626	218,626
Total	1,069,746	967,282

Included in employee benefit expense and Directors' remuneration:

Superannuation contributions	247,442	152,094
Share based payments expense	405,132	752,834
Loss on foreign exchange	16,612	12,561
Interest paid on lease liabilities	40,362	51,397

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

Note 4 Investments

	31 December 2021	30 June 2021
	\$	\$
Non-current fixed term cash deposits	421,006	416,838
Total Investments	<u>421,006</u>	<u>416,838</u>

Note 5 Leases

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

	31 December 2021	30 June 2021
	\$	\$
RIGHT-OF-USE ASSET		
Balance at lease inception	3,038,186	3,038,186
Accumulated depreciation	(1,302,249)	(1,083,623)
Closing balance	<u>1,735,937</u>	<u>1,954,563</u>
LEASE LIABILITIES		
<i>Maturity analysis:</i>		
Less than one year	469,074	573,274
One to five years	1,430,328	1,667,611
Closing balance	<u>1,899,402</u>	<u>2,240,885</u>
AMOUNTS RECOGNISED IN PROFIT OR LOSS		
Interest on lease liabilities	40,362	97,635
Depreciation of right-of-use asset	218,626	433,687
AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS		
<i>Cash flows from operating activities</i>		
Interest paid	40,362	97,635
<i>Cash flows from financing activities</i>		
Principal element of lease payments	341,483	404,308
Total	<u>381,845</u>	<u>501,943</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Note 6 Non-current assets – Intangible assets

	31 December 2021 \$	30 June 2021 \$
DEVELOPMENT COSTS		
Cost	9,515,497	8,288,557
Accumulated amortisation	(6,534,181)	(5,695,486)
	<hr/>	<hr/>
Carrying amount	2,981,316	2,593,071

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

	31 December 2021	31 December 2020
Balance at the beginning of the period	2,593,071	2,135,128
Additions – internally developed	1,844,143	1,064,154
Research and development tax incentive	(617,203)	(488,269)
Amortisation charge	(838,695)	(745,156)
	<hr/>	<hr/>
Balance at the end of the half-year	2,981,316	1,965,857

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

	31 December 2021 \$	30 June 2021 \$
UNSECURED LIABILITIES:		
Trade payables	223,588	294,940
Other payables	1,789,335	1,689,247
Accrual for annual leave	618,578	488,189
Accrual for long service leave	-	95,651
	<hr/>	<hr/>
Total	2,631,501	2,568,027

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Note 8 Issued Capital

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$	
(a) Share capital					
Fully Paid Ordinary shares	338,866,547	280,406,519	36,746,406	25,278,740	
(b) Ordinary share capital					
Date	Details	Note	Number of Shares	Issue Price	\$
1 July 2020	Balance		193,407,826		18,671,536
July 2020	Exercise of options		20,000	\$0.02	400
August 2020	Exercise of options		3,925,944	\$0.01	39,259
	Exercise of options		235,944	\$0.04	9,438
	Exercise of options		2,406,668	\$0.075	180,500
	STI shares issued		1,375,758	-	-
	Placement shares		2,731,956	\$0.075	204,897
September 2020	Placement shares		30,601,377	\$0.075	2,295,103
	Entitlement offer shares		40,820,707	\$0.075	3,061,553
	STI shares issued		1,500,000	-	112,500
	Exercise of options		100,000	-	7,500
October 2020	Exercise of options		111,111	\$0.01	1,111
December 2020	Exercise of options		338,334	\$0.30	101,500
	Share issue costs				(71,756)
January 2021	Exercise of options		115,000	\$0.30	34,500
March 2021	Exercise of options		147,000	\$0.02	2,940
	Exercise of options		68,894	\$0.04	2,759
May 2021	Exercise of options		2,083,334	\$0.30	625,000
	Exercise of options		416,666	-	-
30 June 2021	Balance		280,406,519		25,278,740
July 2021	Exercise of options		297,501	\$0.075	22,313
August 2021	Exercise of options		741,666	\$0.075	55,625
September 2021	Exercise of options		24,000	\$0.04	960
	Placement shares		46,378,260	\$0.23	10,667,000
	Exercise of options		10,000	\$0.020	200
December 2021	Exercise of options		177,778	\$0.010	1,778
	Placement shares		3,621,740	\$0.23	833,000
	Director Incentive shares		593,219	\$0.207	122,796
	Exercise options		80,000	\$0.020	1,600
	Placement shares		2,000,000	\$0.20	400,000
	Performance Rights		4,535,864	-	-
	Share issue costs				(637,606)
31 December 2021	Balance		338,866,547		36,746,406

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

Note 9 Earnings per share

	Consolidated	
	31 December 2021 \$	31 December 2020 \$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of intelliHR Limited	(4,602,230)	(3,033,010)
	Number	Number
Weighted average number of shares used in calculating basic and diluted earnings per share	306,818,690	245,884,697
	Cents	Cents
Basic earnings per share	(1.50)	(1.23)
Diluted earnings per share	(1.50)	(1.23)

Note 10 Cash flow information

	31 December 2021 \$	31 December 2020 \$
	<i>Cash and cash equivalents shown in the statement of cash flows comprises the following:</i>	
Cash at bank	10,801,153	1,958,836
Fixed term cash deposits	-	4,900,000
Total	10,801,153	6,858,836

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 Asia Pacific 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 2021**

Note 11 Operating segments (continued)

e. Segment Information

<i>Segment Revenue</i>	APAC	Americas/UK	Unallocated	Total
	\$	\$	\$	\$
Revenue	1,829,703	298,263	-	2,127,966
Other income	-	-	200,565	200,565
Total revenue and other income	1,829,703	298,263	200,565	2,328,531

<i>Segment Result</i>	APAC	Americas/UK	Unallocated	Total
	\$	\$	\$	\$
31 December 2021	\$736,220	(\$496,985)	(4,841,465)	(4,602,230)

<i>Segment assets</i>	APAC	Americas/UK	Unallocated	Total
	\$	\$	\$	\$
31 December 2021	746,146	119,859	15,859,087	16,725,092

<i>Segment liabilities</i>	APAC	Americas/UK	Unallocated	Total
	\$	\$	\$	\$
31 December 2021	1,444,510	227,708	2,896,429	4,568,647

Note 12 Events occurring after the reporting date

No matters or circumstances have arisen since 31 December 2021 that have significantly affected, or may significantly affect, the operations of those operations or the state of affairs of the consolidated entity in future financial years.

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 2021 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 that reads "Tony Bellas".

Tony Bellas Chairman

18 February 2022
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 2021, 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 2021 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.

Emphasis of matter - 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.

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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 gives a true and fair view and 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 2021 and its financial 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



R M Swaby
Director

Brisbane, 18 February 2022

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