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Appendix 4E

(pursuant to ASX Listing Rule 4.3A)

Financial Report for the year ended 30 June 2021

Hansen Technologies Limited

ABN 90 090 996 455

Reporting period	30 June 2021
Previous corresponding period	30 June 2020

Results for announcement to the market

	Year ended 30 June (consolidated)				
	2021 $A'000s		Movement $A'000s	(%)	2020 $A'000s
Revenue from ordinary activities	307,730	▲	6,361	2%	301,369
Profit from ordinary activities after tax attributable to members	57,335	▲	31,578	123%	25,757
Statutory net profit after tax attributable to members	57,335	▲	31,578	123%	25,757
Underlying net profit after tax attributable to members (NPATA)(1)	73,099	▲	26,167	56%	46,932
Statutory operating profit before income tax expense	70,132	▲	40,291	135%	29,841
Add back:					
Depreciation and amortisation	40,887	▼	(1,448)	(3%)	42,335
Net foreign exchange losses/(gains)	2,731	▲	3,475	(467%)	(744)
Net finance costs	5,539	▼	(3,687)	(40%)	9,226
EBITDA(2)	119,289	▲	38,631	48%	80,658
Add back: Net one-off costs and income	878	▼	(4,156)	(83%)	5,034
Underlying EBITDA	120,167	▲	34,475	40%	85,692

(1): Underlying net profit after tax attributable to members excludes separately disclosed items and acquired amortisation. Further details of the separately disclosed items are outlined in Note 4 to the Financial Report.

(2): EBITDA is a non-IFRS term, defined as earnings before interest, tax, depreciation and amortisation, and excluding net foreign exchange losses/gains.

Dividends

	Amount per share (cents)	Franked amount per share (cents)
2020 final dividend (paid 25 September 2020)	7.00	0.70
2021 interim dividend (paid 25 March 2021)	5.00	1.10
2021 final dividend (to be paid 21 September 2021)	5.00	2.70

2021 final dividend dates

Record date for determining entitlements to the dividend	30 August 2021
Last date for receipt of election notices for participation in the dividend or DRP	31 August 2021
Payment date	21 September 2021

Dividend Reinvestment Plan (DRP)

A Dividend Reinvestment Plan has been established to provide shareholders with the opportunity to reinvest dividends in new shares rather than receiving cash. Details of Hansen's Dividend Reinvestment Plan including the share pricing methodology is available online at https://hansencx.com/about/investor-relations. The price for shares to be applied for in accordance with the DRP plan for this dividend shall be the full undiscounted value as prescribed by the plan. The conduit foreign income component of this dividend is $4.6m.

Net tangible assets per security

	Year ended 30 June (consolidated)	
	2021	2020
Net tangible assets per security	(19.5) cents	(46.3) cents

The Group's asset base has a large portion of intangible assets associated with our software and goodwill from acquisitions. These intangibles, combined with our borrowings base, resulted in net tangible asset backing per security being negative for both 30 June 2021 and 30 June 2020.

Other information

Except for Sigma Systems Canada, Inc, which was amalgamated with Hansen Technologies Canada Inc. on 1 November 2020, there are no other entities over which control has been gained or lost during the reporting period.

Additional Appendix 4E disclosure requirements can be found in the notes to the financial report and the Directors' Report for the year ended 30 June 2021. Information should be read in conjunction with Hansen Technologies Limited's 2021 Annual Report.

This report is based on the consolidated financial report for the year ended 30 June 2021 which has been audited by RSM Australia Partners with the Independent Auditor's Report included in the financial report.

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HANSEN TECHNOLOGIES LIMITED
AND CONTROLLED ENTITIES

ABN 90 090 996 455



FINANCIAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2021

HANSEN

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CHAIRPERSON AND CHIEF EXECUTIVE OFFICER JOINT REPORT

We are pleased to present the Annual Report for Hansen Technologies Limited for financial year ended 30 June 2021 (FY21).

After fifty highly successful years in operation, it is with great pleasure that we share the Hansen results with our shareholders for FY21.

Reflecting on our fifty-year journey, the Hansen business has evolved over time from an Australian centric operation into a truly global enterprise with over 1,500 staff and our technology being used in over 80 countries. Our 'Hansen' acquisition strategy was implemented over twenty years ago and today we continue to expand into even more regions. Due to the dedication of Management and our loyal and incredibly passionate employees, this half century anniversary has been a true honour to be part of.

As we review the year passed, we would like to thank our employees who have remained committed and dedicated to delivering outstanding results for our customers and shareholders. The Hansen Team has once again risen to the challenges and delivered a record result.

When assessing the Company's success, we look at several factors. These include:

THE HANSEN MISSION

To further grow our best-in-class core business through aggregating mature, entrenched and predictable businesses in the Energy and Communications sectors.

OUR STRATEGY

- To continue to diversify and grow our business over the long-term through aggregation, accelerating new market entry be it geographic, vertical or by further customer diversification;
- To continue to leverage our global experience; and
- To continue to evolve our product offering ensuring our customers' technical journey is on point and cost effective.

Strong execution on this mission and strategy has resulted in another record year for Hansen.

Underpinning this strong performance is our improved organic growth, development of inorganic growth opportunities and continued focus on our cost base. This has resulted in strong cash generation enabling further investments in the business while strengthening our financial position and returning cash to our loyal shareholder base.

This continued momentum in our business increases our confidence in achieving our FY25 financial targets of $500m revenues and EBITDA margins of 32% - 35%.

YEAR IN REVIEW

Our business has always been characterised by highly predictable revenues with strong business resilience. The Energy and Communications sectors are recession proof and non-cyclical and the services they provide are utilised regardless of the economic backdrop; proven through the Global Financial Crisis and COVID-19.

Our long-term customer relationships form the bedrock of our revenue visibility and platform for organic growth driven by our thought leadership and an executive team with over 100 years of expertise and experience in communications, IT, business process and management.

We are particularly pleased with the forward looking and strategic customer wins we have seen this year across 5G Telecoms (with global companies such as Telefonica and DISH), smart energy (with companies including Western Power) and renewables (including solar, with companies such as Nautilus Solar). This, coupled with expectations of continued regulatory change provide a tailwind to our organic growth.

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Hansen's ability to win these new customers in today's rapidly developing and competitive environment underscores the strength of our product offering and the relevance of this offering in the marketplace. We expect to further capitalise on these market developments and are investing in our technology and our people to achieve this.

Revenue growth across the year was also driven by our existing customer base, with many successful upgrades and projects completed throughout the year.

Building of acquisition pipeline

Throughout the year our focussed M&A team has been identifying and researching potential acquisition opportunities, with proactive relationship development with many brokers and bankers around the world. We have been encouraged by the volume of targets that have been presented to us. With the same disciplined approach, we are confident we will deliver the value accretive growth that has been a key pillar of the Hansen story. Our cash flows continue to support significant investment in acquired growth and we have the financial capacity to move quickly and decisively when we find the right opportunities.

Continued focus on profitability

As shareholders will have heard from us repeatedly over the years, "spend it like it is your own" is an ongoing mantra and one that pervades throughout the entire organisation, ensuring our focus on profitability remains as strong as ever.

While the FY21 EBITDA margin was enhanced by the revenue recognition of the Telefonica contract, with $21 million recognised at the beginning of the initial contract term, to continue to deliver the best-in-class technology we are renowned for, we continued to invest in our technology roadmaps and talent to ensure ongoing profitability and strong margins.

We continue to optimise the Hansen portfolio of products and expect strong margins over the coming years from the ongoing improvement in companies recently aggregated into the Hansen family. While revenues have grown, and margins have improved since initial integration, there remains significant opportunity to generate further increased revenue and profitability from acquired businesses.

Strong cash generation

Our business continues to be highly cash generative continuing the recent trend of adding financial capacity for future investments in growth and the continued ability to pay strong dividends to our shareholders absent of immediate investment opportunities.

Financials

The Group's Financial Performance this year has been outstanding across all financial metrics.

A$ million	FY21	FY20	Variance (%)
Operating revenue	307.7	301.4	2.1%
Underlying EBITDA (1), (2), (4)	120.2	85.7	40.3%
Underlying NPAT (4)	56.8	29.5	92.5%
Underlying NPATA (1), (3)	73.1	46.9	55.9%
Basic EPS based on underlying NPATA (EPSa)(cents)(1)	36.7	23.7	54.9%

(1): The Directors believe the information additional to IFRS measures included in the report is relevant and useful in measuring the financial performance of the Group. These include: EBITDA, NPATA and EPSa.

(2): EBITDA is a non-IFRS term, defined as earnings before interest, tax, depreciation and amortisation and excluding net foreign exchange gains (losses).

(3): NPATA is a non-IFRS term, defined as net profit after tax, excluding tax-effected amortisation of acquired intangibles.

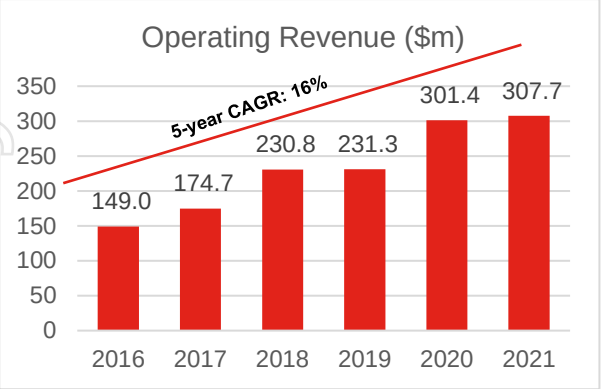
(4): Underlying EBITDA, underlying NPAT and underlying NPATA exclude separately disclosed items, which represent one-off costs and income during the period. Further details of the separately disclosed items are outlined in Note 4 to the Financial Report.

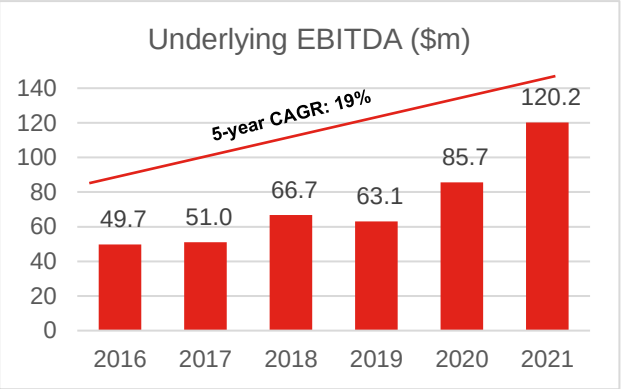
The Group revenues increased by 2.1% to $307.7 million with underlying EBITDA for the year up 40.3% to $120.2 million. Additionally, with ongoing rationalisation of the Company's cost base, there has been an improved underlying EBITDA margin for the full year of 39.1%.

This strong profit performance is further underpinned by the Company's ability to generate cash flow from operations which was $93.2 million and free cash flow of $70.1 million after adjusting for the repayment of lease liabilities. Hansen's ability to generate cash in the current environment further underscores the strength it has enabling it to invest in its products and fund acquisitions.

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This strong financial outcome has enabled us to declare dividends amounting to 5 cents per share this year returning 27.3% of NPATA to shareholders.





*EBITDA is a non-IFRS term that relates to earnings before interest, tax, depreciation and amortisation and excluding net foreign exchange gains (losses). AASB 16 Leases (AASB 16) has been applied to FY15 to FY19 to reflect an estimated impact of the adoption of this standard. AASB 16 has been adopted by the Group in FY2020. Non-recurring items have been excluded from each year, where applicable.

Confident in the short and long-term outlook

We remain extremely confident in the future of our business.

Energy and Communications are two industries that are rapidly transforming from delivering “just essentials” to delivering energy and connected experiences. These things are the foundation of our next society. We align ourselves with our clients and provide proven products and the right customer mindset.

These Industry segments continue to expand their offering to their customers.

- Energy customers are looking to consume energy responsibly while reducing their environmental footprint creating complexity as they look to avail themselves of green energy options and other related services.
- The offerings available through our Communications providers continue to expand with the introduction of new technology, most recently 5G, supported by a customer base demanding the ability to consume information in a mobile environment.

We will continue our successful history of aggregating mature, entrenched, and predictable businesses. Supported by the highly cash generative nature of our business, we will continue to “Hansenise” these businesses to drive growth and enhance profitability.

What becomes imperative for our customers is the ability to transition from basic providers of services to ones that can capitalise on the growing ecosystems and variety of the next experiences that surround the core connectivity and energy services already provided. At the core of our proposition is our ability to evolve together with our customers, providing business solutions through our software products that deliver a competitive advantage. Coupled with the Company’s drive to aggregate strategic business we see a future of sustainable revenue growth and increased shareholder value.

Our ability to continue investing in our products, providing thought leadership through our global experiences and leveraging our extensive industry knowledge puts us at the forefront of the industry.

In conclusion, fifty years in operation for Hansen has been an incredible achievement that we are truly proud of. We are confident that our business strategy, combined with the strength of our people, will ensure the continued success of Hansen, its customers and its shareholders.

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INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Hansen Technologies Limited at any time during or since the end of the financial year are provided below, together with details of the Company Secretary as at the year end.



Mr David Trude

Non-Executive Director

Chairman since 2011
Director since 2011
Member of the Independent Board Committee (BGH Proposal)

Age 73

David has extensive experience in a variety of financial services roles within the banking and securities industries. He holds a degree in commerce from the University of Queensland and is a member of many professional associations including the Stockbrokers and Financial Advisers Association of Australia and the Australian Institute of Company Directors.

David is also a Non-Executive Director of Chi-X Australia Limited and Non-Executive Director of ASX listed Acorn Capital Investment Fund Limited and MSL Solutions Ltd.



Mr Andrew Hansen

Managing Director and CEO

Managing Director since 2000

Age 61

Andrew has over 40 years' experience in the IT industry, joining Hansen in 1990. Prior to Hansen, he held senior management positions with Amfac-Chemdata, a software provider in the health industry.

Andrew led Hansen from its listing on the ASX in 2000 to today being a global business with a strong history of decades of strong profitability and growth.

Andrew is responsible for implementing the Group's strategic direction and overseeing the everyday affairs of the Hansen Group.



Mr Bruce Adams

Non-Executive Director

Director since 2000
Member of the Remuneration Committee

Age 61

Bruce has over 30 years' experience as a commercial and corporate lawyer. He has practised extensively in the areas of information technology law, contract law and mergers and acquisitions and has considerable experience advising listed public companies.

Bruce has held positions as partner of two Australian law firms and general counsel of an Australian owned international group of companies. He holds degrees in Law and Economics from Monash University and is a graduate of Australian Institute of Company Directors (AICD).



Mr Don Rankin

Non-Executive Director

Director since 2019
Chair of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Independent Board Committee (BGH Proposal)

Age 69

Don Rankin joined the Hansen Technologies Board in 2019. He was one of the founding partners of Pitcher Partners and National Chairman of the Pitcher Partners Association for 11 years. He sits on the board of the Victorian Chamber of Commerce and Industry and was its President for three years.

With over thirty years' experience advising private and family businesses across a broad range of industries, he specialises particularly in assisting clients in the management, growth and evolution of their business. Don sits on a number of Family Board Advisory Committees.

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Mr David Osborne

Non-Executive Director

Director since 2006
Member of the Audit and Risk Committee

Age 72

David is a Fellow of the Institute of Chartered Accountants, and a Fellow of the Australian Institute of Company Directors, with over 50 years of financial management, taxation and accounting experience in public practice. David's experience includes having been the Audit Partner of his accounting practice and a Registered Company Auditor for over 25 years. He also has experience in the various aspects of risk management. David has a long-standing association with Hansen, having been a Board member for some years prior to the Company's listing on the ASX in June 2000.



Ms Jennifer Douglas

Non-Executive Director

Director since 2017
Member of the Remuneration Committee
Member of the Audit and Risk Committee
Member of the Independent Board Committee (BGH Proposal)

Age 54

Jennifer has over 25 years' experience in the technology and media industries. Jennifer started her career as a lawyer before holding senior executive roles at Telstra and Sensis from 1997 to 2016. She has significant experience in driving growth and customer centred change. Jennifer holds degrees in Science and Law from Monash University, a Master of Law and Master of Business Administration from Melbourne University and is a Graduate of AICD. Jennifer is also a Non-Executive Director of GUD Holdings Limited, OptiComm Limited (until November 2020), Essential Energy, Judo Bank Pty Ltd, the St Kilda Football Club and the Peter MacCallum Cancer Foundation.



Mr David Howell

Non-Executive Director

Director since 2018
Chair of the Remuneration Committee
Chair of the Independent Board Committee (BGH Proposal)
Member of the Audit and Risk Committee

Age 63

David is a highly accomplished executive having worked across a number of industries including financial services, retail, technology and social media. David has had roles as Managing Director, Board Director and Board Advisor across large corporates, SMEs and early-stage businesses, including private equity.

David is also a Non-Executive Director of The Pistol (a digital marketing agency).



Ms Julia Chand

General Counsel and Company Secretary

Company Secretary since 2014

Age 51

Julia joined Hansen Technologies in 2007 and plays a strategic role as General Counsel as well as Company Secretary. Julia has significant legal experience in IT, financial services and retail organisations. As Company Secretary she is responsible for the Company's corporate and ASX obligations.

Unless stated, no Directors of Hansen Technologies Limited held any other Directorships of listed companies at any time during the three years prior to 30 June 2021.

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DIRECTORS' REPORT

The Directors present their report together with the Financial Report of the consolidated entity ("the Group"), being Hansen Technologies Limited ("the Company") and the entities it controlled for the financial year ended 30 June 2021, and Auditor's Report thereon. This Financial Report has been prepared in accordance with Australian Accounting Standards.

Principal activities

The principal activities of the Group during the financial year were the development, integration and support of billing systems software for the Energy and Communications sectors. Other activities undertaken by the Group include IT outsourcing services and the development of other specific software applications.

OPERATING AND FINANCIAL REVIEW

Review of operations

The Group's operating performance for the fiscal year compared to last year is as follows:

	2021 A$ Million	2020 A$ Million	Variance %
Operating revenue	307.7	301.4	2.1%
Underlying EBITDA(1)	120.2	85.7	40.3%
Underlying NPAT(2)	56.8	29.5	92.5%
Underlying NPATA(1)	73.1	46.9	55.9%
Basic Earnings per Share (EPS) (cents)	28.8	13.0	121.5%
Basic EPS based on underlying NPATA (EPSa) (cents) (1)	36.7	23.7	54.9%

(1): The Directors believe the information additional to IFRS measures included in the report is relevant and useful in measuring the financial performance of the Group. These include: EBITDA, NPATA and EPSa. These measures have been defined in the Chairperson and Chief Executive Officer's Joint Report on page 2.

(2): Underlying net profit after tax attributable to members excludes separately disclosed items and acquired amortisation. Further details of the separately disclosed items are outlined in Note 4 to the Financial Report.

In 2021 the business delivered record results following on from the successful 2020 year. Further details on the Group's results are outlined in the Chairperson and Chief Executive Officer's Joint Report on page 1.

The Group's revenue for the financial year exceeded 2020, notwithstanding significant foreign exchange headwinds which impacted the business.

The new logo wins were the highest on record with a significant number of new logos signed and recognised as revenue in the financial year. Several key sales appointments were also made which will provide ongoing momentum in our lead generation and sales cycle.

The Group has generated operating cash flows of $93.2 million, which has been used to retire net external debt of $41.7 million, fund our ongoing product development program $12.1 million and pay dividends of $21.9 million (net of dividend reinvestments). With the Group's cash generation capabilities, Hansen remains well placed to continue to acquire mature, predictable businesses in the energy and communications sectors.

The continued challenges of COVID-19 were managed with care throughout the business and Hansen employees were at the forefront of any Board and Management decisions in relation to working and travel conditions.

Billing segment

The Billing segment represents a major part of the Group's business operations, delivering $299.6 million of revenue in 2021 (2020: $291.6 million), which translates into a 2.7% increase. Segment profit before tax was $74.5 million in 2021 (2020: $33.2 million), representing a 124.4% increase.

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Other activities

Segment revenues from other activities was $8.1 million in 2021 (2020: $9.7 million), representing a 16.5% decrease for the year. This 16.5% decrease in revenues resulted from an expected reduction in business activity associated with the Customer Care call centre. Segment profit before tax was $0.9 million for 2021 (2020: $0.7 million), representing a 28.6% increase for the year.

Significant changes in the state of affairs

There have been no significant changes in the Group's state of affairs during the financial year.

Subsequent events

Loan facility extension

On 4 August 2021, the existing syndicated facility was amended to have a new expiry date of 1 September 2023 (original expiry date was 1 May 2022). As per the amendment, the facility limit is now $151,323,000 and a renegotiated margin pricing grid has delivered a favourable outcome for the Group. Refer to Note 19 (a) of the Financial Report for further information.

Proposal from BGH

As announced to the market on 7 June 2021, the Group has received a non-binding conditional proposal from BGH Capital Pty Ltd ("BGH Capital") to acquire 100% of the outstanding shares in Hansen by way of a Scheme of Arrangement. Hansen due diligence materials have been made available to BGH Capital via a Virtual Data Room. The parties have agreed that due diligence has commenced with the Virtual Data Room suitably populated and unless extended, the Exclusivity Period will end on the 25 August 2021. At the date of signing, the bid remains active.

Apart from the above and the final dividend declared as per the next page, no matters have arisen between the end of the financial year and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Opportunities and Business Risks

The business remains committed to increasing shareholder value whilst managing the risk profile of the Group.

The Energy and Communications markets continue to evolve and with this change comes complexity and opportunity. The Communications vertical is experiencing rapid progress in the roll-out and adoption of 5G technology. Energy continues to develop new offerings and the continued roll-out of green energy initiatives. Both verticals continue to develop enhanced digital platforms to deliver a satisfactory customer experience.

To ensure we deliver on our strategic objectives, the Group continues to operate an Enterprise Risk Management Framework that actively identifies, controls, plans and mitigates a wide array of risks across functions and geographies and seeks to unlock opportunities to gain a competitive advantage.

Risks identified include, but are not limited to the following:

- Security or data incidents: As a technology-focused business, managing security and protecting customer data is essential. To manage the risk of damaging security incidents, we have appropriate data management, security and compliance policies, procedures and practices in place.
- Loss of customers: While loss of customers due to market competition is a risk to the business, we manage this risk by ensuring we are focused on meeting our customers' expectations for system performance and service delivery and by diversifying our customer base across industry sectors around the world.
- Decline in international market conditions: As a business with international operations, we have exposure to currency fluctuations, which we monitor and manage.
- Investment opportunities: The Group has an active M&A program. Potential investments may carry execution and integration risks, and this is managed via maintaining a highly experienced M&A team with a proven track record of business integration and value generation.
- Employee Recruitment and Retention: Our people are critical to the Group's ongoing success. We manage risks to our employee base by focussing on our employee value proposition, offering competitive remuneration and benefits packages tailored to the market in which personnel are based.

We manage risks by regularly monitoring our market and global conditions to ensure our control environment and risk treatment plans respond to the risks faced by the business.

Outlook and likely developments for FY22

After the success of 2021, the Group continues to focus on the strategic pillars that drive shareholder value. These include our global diversification and aggregation strategy and our ongoing investment in product roadmap and low-cost development centres.

The Board remains confident in the Hansen long-term strategy and the focus on delivering to revenue and EBITDA targets for 2025, being $500 million of revenue on an EBITDA margin of 32-35%.

As always, Shareholders are kept abreast of any changes to our strategy or financial outlook as each year progresses.

Environmental regulations and climate change

The Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws. The Group is aware of the general risks associated with climate change and continues to be committed to operating sustainably. However, the Group's operations are not significantly impacted by any environmental factors.

Corporate Governance Statement

Hansen and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Hansen has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

A description of the group's current corporate governance practices is set out in the Group's corporate governance statement, which can be viewed at https://hansencx.com/about/investor-relations.

Dividends paid and declared

A final dividend of 5 cents per share has been declared, partially franked to 2.70 cents per share, comprising of a regular dividend of 5 cents per share. The final dividend was announced to the market on 24 August 2021 with payment to be made on 21 September 2021.

The amount declared has not been recognised as a liability in the accounts of the Company as at 30 June 2021.

Dividends paid during the year, excluding dividends reinvested as part of the Company's Dividend Reinvestment Program (DRP):

- 5 cents per share partially franked to 1.1 cents interim dividend paid 25 March 2021, totalling $8,973,832; and
- 7 cents per share partially franked to 0.7 cents final dividend paid 25 September 2020, totalling $12,973,389.

This is consistent with the Board's capital management policy that balances growth through acquisitions against the payment of dividends.

Share options and performance rights

Options and performance rights over shares may be issued to key management personnel (KMP) as an incentive for motivating and rewarding performance as well as encouraging longevity of employment. The issuing of options and performance rights is intended to enhance the alignment of KMP with the primary shareholder objective of increasing shareholder value.

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Performance rights over unissued ordinary shares granted by the Company during the financial year to the KMP as part of their remuneration for the year ended 30 June 2021 are as follows:

Grant Date	Number of Rights Granted on 1 July 2020 (1)
Executives	
A Hansen	157,918
C Hunter	34,863
D Meade	35,033
G Taylor	33,574
Total	**261,388**

(1): The number of rights granted that will vest is conditional on achievement of annual financial and non-financial measures under the Enhanced STI plan. The above KMP will be awarded a combined total of additional 91,486 rights for overachievement of performance measures. The rights are subject to a two-year deferral period of which the KMP must remain employed. Refer to the Remuneration Report for further details.

There were rights granted to the KMP over unissued ordinary shares since the end of the financial year in relation to the FY19 LTI Plan. No options were granted over unissued ordinary shares since the end of the financial year to the KMP as part of their remuneration.

All grants of options and rights are subject to the achievement of performance measurements. Further details regarding options and rights granted as remuneration are provided in the Remuneration Report.

Shares under options and performance rights

Unissued ordinary shares of the Company under performance rights at the date of this report are as follows:

Instrument	Plan	Grant Date	Vesting Date	Number of Rights at 30 June 2021
Rights	LTI	2 Jul 2018	31 Aug 2021(1),(2)	448,841
Rights	STI	2 Sep 2019	30 Jun 2022	78,384
Rights	LTI	2 Sep 2019	30 Jun 2022	463,588
Rights	STI	1 Jul 2020	30 Jun 2023(3)	448,501
Rights	LTI	1 Jul 2020	30 Jun 2023	239,313

(1): The vesting date for rights granted on 2 July 2018 is the date on which the Board will notify the executive that the rights have vested, after the outcomes for the measurement period have been determined and satisfaction of the performance conditions have been assessed.

(2): Performance rights in relation to the EPSa CAGR and TSR measures exceeded the required performance measurement hurdles and market conditions, respectively and will vest on an accelerated basis paying 150% of the entitlement on 31 August 2021.

(3): Additional performance rights will be awarded for overachievement of annual financial and non-financial targets. These rights are subject to a two-year deferral period during which the recipient must be employed.

If the Company makes a bonus issue of securities to ordinary shareholders, each unexercised performance right will, on exercise, entitle its holder to receive the bonus securities as if the performance right had been exercised before the record date for the bonus issue.

Performance rights holders do not have any right, by virtue of the performance right held, to participate in any share issue of the Company. Performance rights will not give any right to participate in dividends or any voting rights until shares are issued upon the exercise of vested performance rights.

Shares issued on exercise of options and performance rights

The following ordinary shares of the Company were issued during or since the end of the financial year as a result of the exercise of options and performance rights:

	Number of Ordinary Shares Issued on Exercise of		Amount Paid
Date Issued	Performance rights	Options	Per Share
31 Aug 2020	259,122	-	-
31 Aug 2020	-	75,000	2.67
16 Feb 2021	-	240,000	2.67
22 Feb 2021	-	100,000	2.67
29 Mar 2021	-	220,000	2.67
1 Apr 2021	-	250,000	2.67
Total	**259,122**	**885,000**	

There are no amounts unpaid on shares issued on exercise of options.

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Indemnification and insurance of Directors, officers and auditors

Indemnification

The Company has agreed to indemnify all of the current and former Directors and officers of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Group has not entered into any agreement to indemnify its auditors against any claims that might be made by third parties arising from their report on the annual Financial Report.

Insurance

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses and insurance policies for current and former Directors and Officers, including executive officers of the Company and Directors, executive officers and secretaries of its controlled entities. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contracts as such disclosures are prohibited under the terms of the contract.

No insurance premium is paid in relation to the auditors.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts in the Financial Report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Directors' meetings

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each Director were:

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings		Independent Board Committee	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr David Trude	19	18	-	-	-	-	8	3
Mr Bruce Adams	19	19	-	-	3	3	-	-
Mr Andrew Hansen	19	19	-	-	-	-	-	-
Mr Don Rankin	19	19	5	5	3	3	8	8
Mr David Osborne	19	19	5	5	-	-	-	-
Ms Jennifer Douglas	19	19	5	5	3	3	8	8
Mr David Howell	19	19	5	5	3	3	8	8

Meetings were held in June 2021 to consider the proposal from BGH Capital Pty Ltd to acquire all of the ordinary shares in Hansen.

Directors' interests in shares or options

Directors' relevant interests in shares of the Company or options/rights over shares in the Company as at the date of this report are detailed below:

Directors' Relevant Interests in:	Ordinary Shares of the Company	Rights over Shares in the Company
Mr David Trude	107,056	-
Mr Bruce Adams[1] [2]	34,891,417	-
Mr Andrew Hansen[1]	35,055,228	426,346
Mr Don Rankin	25,000	-
Mr David Osborne[1] [2]	35,125,448	-
Ms Jennifer Douglas	16,000	-
Mr David Howell	33,290	-

(1): Each of Mr Bruce Adams, Mr Andrew Hansen and Mr David Osborne has a joint interest in a single parcel of 34,739,113 shares as at the date of this report.

(2): For further details, please refer to the substantial shareholding notice lodged with the ASX dated 16 August 2019.

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Proceedings on behalf of the company

No person applied for leave of Court to bring proceedings on behalf of the Company or any of its subsidiaries.

Directors' interests in contracts

Directors' interests in contracts with the Company are limited to the provision of leased premises on arm's length terms and are disclosed in Note 25 to the financial statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Non-audit services

Non-audit services were provided by the auditors of the Group during the year, namely RSM Australia Partners, network firms of RSM and other non-related audit firms as detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

	2021 $	2020 $
Amounts paid and payable to RSM Australia Partners for non-audit services:		
– taxation services	-	-
– compliance services	3,609	-
	3,609	-
Amounts paid and payable to network firms of RSM Australia Partners for non-audit services:		
– taxation services	135,468	110,275
– compliance services	78,817	31,420
	214,285	**141,695**
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	-	-
– compliance services	2,116	-
	2,116	-
Total auditor's remuneration for non-audit services	**220,010**	**141,695**

Auditor's remuneration is disclosed in Note 26 of the Financial Report.

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REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present the Remuneration Report of the Group, consisting of Hansen Technologies Limited ("the Company") and its controlled entities for the 2021 financial year.

The 2021 financial year has been another record year for Hansen. Amidst an ongoing pandemic, all Hansen staff should be commended for the manner in which they have navigated this challenging period. Whilst continuing to work, for the most part, remotely throughout the year, Hansen has delivered successfully to both our customers and shareholders.

For the 2021 financial year, I am pleased to advise that all financial targets for the KMP were exceeded. As a result, all target Short-Term Incentive (STI) cash-component payments were awarded to our KMP against financial and non-financial KPIs set for the year. In line with the STI scheme, the accelerator of certain STI components (financial) was also met.

As we have concluded the 2021 financial year, the LTI program implemented on 2nd of July 2018 completed its measurement period of three years. I am pleased to report that with the exceptional EPS growth and an outperformance for the ranked TSR criteria, both LTI hurdles have been achieved over the measurement period. These measures have qualified for acceleration and will be paid out at 150% of the entitlement (refer to Performance outcomes against 2019 on page 18). The achievement of these long-term measurement targets has resulted in significant shareholder value.

After the successful navigation of the pandemic challenges in the last fiscal year, the Board has made the decision to remove the 2021 enhanced STI program and revert to a framework rewarding the KMP with STI in a cash format with the LTI measurement continuing over a three-year period. The 2022 LTI scheme also introduces a new revenue measurement hurdle based on a revenue CAGR metric aligned with the Group goal of achieving $500 million turnover by 2025. Further information about this incentive scheme is referenced on page 24 of this report.

The Board remains committed to the ongoing review and improvement of the Group's Remuneration Framework to ensure it achieves its objectives of incentivising and rewarding performance that optimises business and shareholder value and ensuring the company is well placed to attract, retain and motivate a talented Executive team.

Yours sincerely,



David Howell

Chair of the Remuneration Committee

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Our detailed remuneration report (Audited)

The Remuneration Report for the year ended 30 June 2021 outlines key aspects of our remuneration framework and has been prepared and audited in accordance with the Corporations Act 2001.

Our Remuneration Report contains the following sections:

1. Persons to whom this report applies
2. Our remuneration framework
3. How reward was linked to performance
4. Remuneration details: Executive KMP
5. FY2022 Incentive Plan
6. Contractual arrangements with Executive KMP
7. Remuneration details: Non-Executive KMP
8. Share-based remuneration disclosures
9. Other transactions with KMP

1. Persons to whom this report applies

The remuneration disclosures in the Report cover the following persons who were classified as the Key Management Personnel ("KMP") of the Group during the 2021 financial year. KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group:

Executives[1]	
Andrew Hansen	Managing Director and Chief Executive Officer (CEO)
Cameron Hunter	Chief Operating Officer
Darren Meade	Group Head of Delivery
Graeme Taylor	Chief Financial Officer
Niv Fernando	Chief Strategy and Commercial Officer[2] (resigned on 31 July 2020)

Non-Executive Directors	
David Trude	Chairperson and Independent Non-Executive Director
Jennifer Douglas	Independent Non-Executive Director
David Howell	Independent Non-Executive Director
Don Rankin	Independent Non-Executive Director
Bruce Adams	Non-Executive Director
David Osborne	Non-Executive Director

(1): These executives of the Group were classified as KMP during the 2021 financial year and unless stated otherwise, were KMP for the entire year.
(2): Effective 1 January 2020, Niv Fernando was appointed as CEO of the Utilities Division.

At the most recent Annual General Meeting (AGM), a resolution to adopt the prior year Remuneration Report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the Remuneration Report considered at the AGM.

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2. Our remuneration framework

People are at the heart of the Group's success, enabling us to deliver on our vision and long-term goals. Our remuneration framework focuses on providing competitive fixed pay and variable pay that rewards achievement of the Group's annual objectives and long-term growth in shareholder value.

Remuneration outcomes are aligned with both individual and Group performance, ensuring that employees are rewarded for overall Group achievement as well as their individual contribution to the Group's success. This aligns remuneration to both individual performance and value creation for shareholders.

(a) Remuneration governance

The Board annually reviews the Group's remuneration principles, practices, strategy and approach to ensure they support the Group's long-term business strategy and are appropriate for a listed company of our size and nature.

The Board has delegated to the Remuneration Committee the responsibility for reviewing and making recommendations to the Board regarding compensation arrangements for the Directors, Executive KMP and the balance of the CEO's direct reports. As at 30 June 2021 the Remuneration Committee was made up of four Non-Executive Directors: David Howell (Chair of the Remuneration Committee), Jennifer Douglas, Bruce Adams and Don Rankin, the majority of whom are independent.

The CEO and other Directors attend meetings as required at the invitation of the Committee Chair.

The Remuneration Committee assesses the appropriateness of both the nature and amount of remuneration paid to the Executive and Non-Executive KMP on an annual basis by reference to market conditions and current remuneration practices, with the overall objective of ensuring maximum company performance and shareholder benefit from the retention of a quality Board and Executive team. The Committee also engages professional support as required to ensure remuneration practices remain in step with the market as well as the size and nature of the business.

(i) Executive KMP remuneration review process

CEO

- Assesses each Senior Executive's current year performance based on actual outcomes relative to agreed targets, general performance and market conditions.
- Provides appropriate recommendations to the Remuneration Committee on incentive payments for the current year.
- Provides appropriate recommendations to the Remuneration Committee of the amount of fixed remuneration, appropriate STI targets and Deferred STI/LTI payments for future measurement periods.

▶

Remuneration Committee

- Reviews the CEO's recommendations with respect to the Senior Executive team and provides appropriate recommendations to the Board.
- Assesses CEO's current year performance and remuneration outcomes against agreed targets, formulating a recommendation to the Board.
- Provides appropriate recommendations to the Board of the amount of the CEO's fixed remuneration, and appropriate STI and LTI targets for the future measurement period, considering general performance, market conditions and other external factors.

▶

Board

- Reviews the Remuneration Committee's recommendations.
- Approves current year STI and LTI plans.
- Approves the remuneration structure for future measurement periods, including STI and LTI targets.

(ii) Non-Executive Directors remuneration review process

Non-Executive Directors' remuneration is governed by resolutions passed at a General Meeting of the Shareholders. During the AGM held on 21 November 2019, shareholders approved an increase to the Non-Executive Directors' maximum remuneration payable from $520,000 to $630,000. No increase in fees was sought for this financial year.

Non-Executive Directors are excluded from participation in the Company's equity incentive plans.

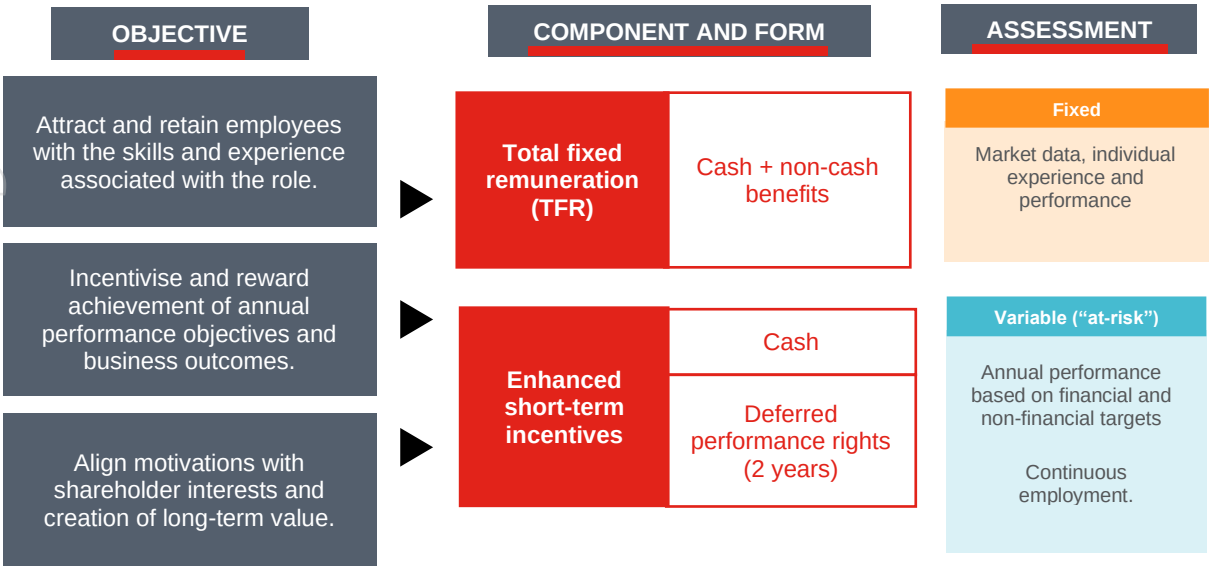
(iii) Independent advice

To support the review of the 2021 remuneration framework, the Remuneration Committee has considered the independent information, observations and previous advice from PricewaterhouseCoopers (PwC) in relation to remuneration strategy, structure and market practice. Potential conflicts of interest were considered by the Committee, and both the Committee and the Board are satisfied that the advice provided by PwC was free from undue influence. Any advice provided by PwC was used as a guide only and was not a substitute for detailed consideration of all the relevant issues by the Committee. No remuneration recommendations, as defined by the Corporations Act 2001, were provided during the year.

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(b) Remuneration structure (FY21 Plan)



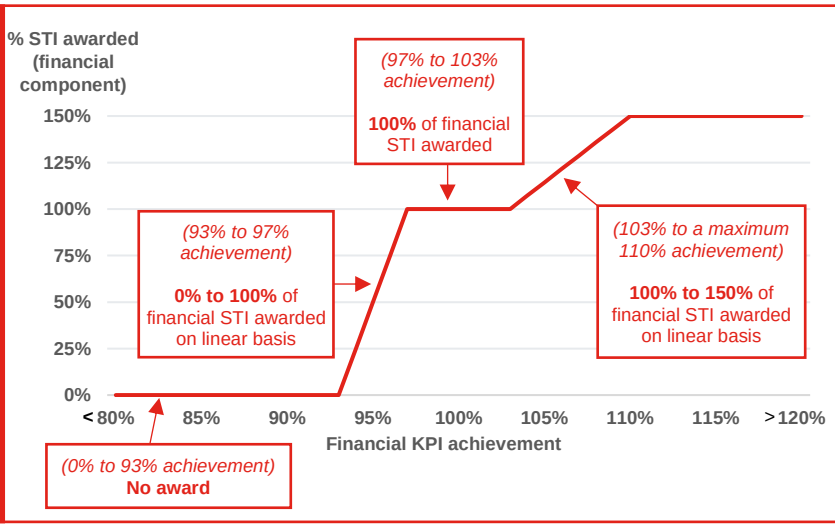
(i) Total Fixed Remuneration (TFR)

TFR typically includes base salary and superannuation contributions and may include, at the discretion of the Board, other benefits such as a motor vehicle (aggregated with associated fringe benefits tax to represent the total employment cost to the Group). TFR is determined with reference to available market data, the scope of an individual's role and the qualifications and experience of the individual, as well as geographic location. TFR is reviewed annually to account for market movements and individual performance outcomes. See page 25 for a summary of Executive KMP contracts.

(ii) FY21 Enhanced STI Plan

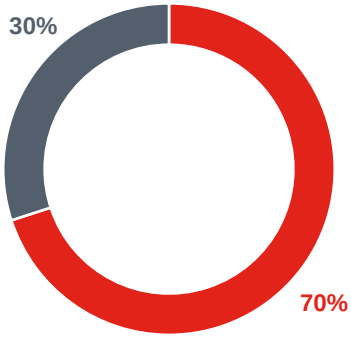
Objective	To incentivise and align rewards attainable by Executive KMP with the achievement of specific annual objectives of the Group and the creation of shareholder value.
How is it paid?	On achievement of specific annual financial and non-financial KPIs, 40% of TFR for the CEO and 25% of TFR for other Executive KMP will be paid through annual cash entitlements. In addition, 50% of TFR for the CEO and 25% of TFR for other Executive KMP will be awarded as equity, subject to a two-year deferral period during which recipients must remain employed by the Company.
How much can executives earn?	Target benefit is set at 90% of TFR for the CEO and 50% of TFR for other Executive KMP. These are subject to the following minimum and target performance thresholds:

Financial KPIs (70% total STI)



Non-financial KPIs (30% total STI)	Non-financial KPIs are assessed and awarded up to a maximum of 100% based on specific outcomes.

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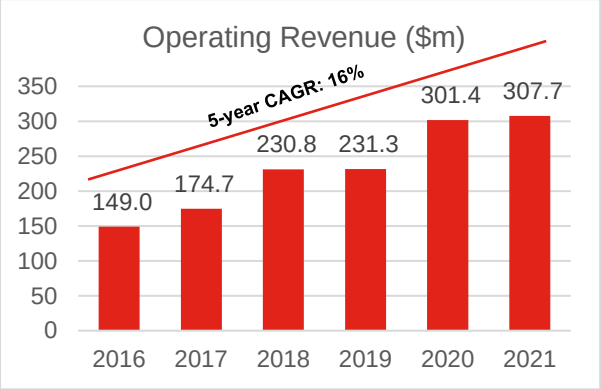
How is performance measured?	Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of delivering the best possible outcome over the next 12 months given the current economic environment. Financial measures selected are measures against which management and the Board assess the short-term financial performance of the Group. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to the Group within that individual's level of responsibility. These objectives are determined by the CEO and the Board in accordance with the process set out on page 14. The weightings for each performance measure that comprise the total STI opportunity are set out below: The selection of **non-financial KPIs** varies depending on each KMP's roles and responsibilities within the Group. These may include achievement of specific strategic projects that drive the best possible outcome over the next 12 months. Each KMP may have a number of separate non-financial KPIs. Achievement of each individual's non-financial KPIs is determined by reference to an assigned performance rating determined by the CEO and the Board at the end of the financial year in accordance with the process described on page 14.  Achievement of **financial KPIs** is determined by reference to the Group's audited accounts for the year in question. No payment is made in respect of financial KPIs to any KMP if the target amount is not met for the Group (set at 93% of budgeted revenue and EBITDA). ■ Financial KPIs (budgeted revenues and EBITDA) ■ Non-financial KPIs The Board retains final discretion over incentive payments to ensure outcomes appropriately reflect performance and achieve objectives of the executive incentive scheme.
What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the cash entitlements and the equity incentives will be awarded on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the end of the measurement period, the cash component may be paid on a pro-rata basis. All equity entitlements are lost, unless otherwise determined by the Board. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.
What are the performance rights entitlements?	Performance rights issued to executives are not able to be traded on the ASX. They do not qualify for receipt of dividends or have any voting rights until they vest on the vesting date and are converted to shares.
Are there any restrictions attached to the performance rights?	The Group prohibits Executive KMP from entering into arrangements to protect the value of unvested equity awards. The prohibition includes entering into contracts to hedge their exposure to any awards as part of their remuneration package. Performance rights cannot be transferred to, or vest in, any person or body corporate other than the Executive KMP.
Changes from the FY20 STI and LTI plan	The LTI Program has been suspended and an enhanced STI program to reward the Executive Team based on specific annual financial and non-financial KPIs has been put in place. For all KMP other than the CEO, there has been a reduction of 5% of TFR. The resulting 50% will be paid 50% in cash and 50% in equity, subject to a two-year deferral. For the CEO, with a total opportunity of 90%, 40% of the entitlement will be paid in cash with 50% in equity, subject to a two-year deferral. KPIs are structured in a way that the Company will be in the best position to manage the impact of the current environment, whilst being mindful of the longer term to ensure the business is optimally placed for future years.

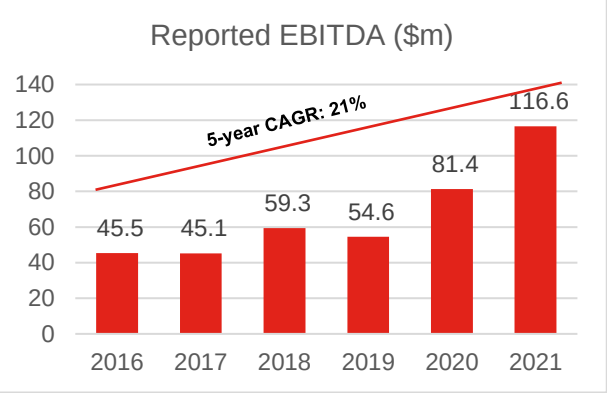
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3. How reward was linked to performance

(a) Performance against Enhanced STI Plan

A summary of key measurement criteria of the Group's financial performance for the financial years ended over the last six financial years is below.





*Reported EBITDA is a non-IFRS term that relates to Earnings before Interest, Tax, Depreciation and Amortisation.

For FY21, budget targets were established for Group Revenue and EBITDA and the STI financial payment gate was set with respect to these targets. Both the Group Revenue and EBITDA were above the budget thresholds this year and all non-financial goals were met for the STIs to be awarded. Refer to the operational and financial review section of the Directors' Report for further information about the Group's FY21 performance.

	FY21			FY20		
	Total Opportunity $	Awarded 70% Financial[2]	Awarded 30% KPIs[2]	Total Opportunity $	Awarded 70% Financial[3]	Awarded 30% KPIs[3]
Andrew Hansen	1,128,997	150%	100%	371,423	100%	100%
Cameron Hunter	276,742	150%	100%	143,496	100%	100%
Darren Meade	278,092	150%	100%	144,196	100%	100%
Graeme Taylor	300,262	150%	100%	138,191	100%	100%
Niv Fernando[1]	-	-	-	136,769	100%	100%

(1): Niv Fernando resigned on 31 July 2020.
(2): For FY2021, a portion of the incentives will be awarded as equity to all KMP, subject to a two-year deferral during which recipients must remain employed by the Company.
(3): For FY2020, a portion of the incentives will be awarded as equity to all KMP except for the CEO, subject to a two-year deferral during which recipients must remain employed by the Company.

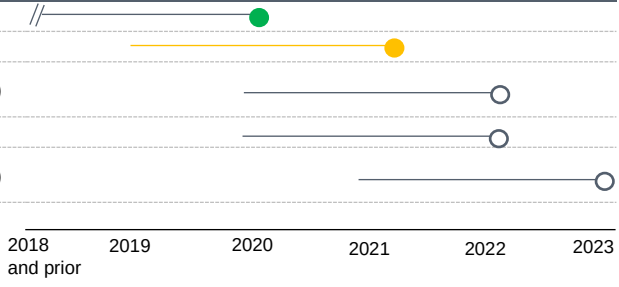
(b) Performance against equity outcomes

Our legacy STI and LTI plans will continue to be measured and reported through until the Group's FY23 Remuneration Report. As a consequence of legacy STI and LTI plans and the current enhanced STI framework, in FY21 we have three different years of awards that will be tested, and in due course, will subsequently vest or lapse based on their differing terms and vesting conditions.

The following table sets out the different legacy awards that were in place in FY21 or are currently in place as at the end of FY21, each with their specific grant details and performance measures:

Grant date	Security	Performance measure/s	Sect. 3 ref.	Status
2 Jul 2017	Right	EPSa, rTSR, 3-yr cont. employment	(b)(i)	
2 Jul 2018	Right	EPSa, rTSR, 3-yr cont. employment	(b)(i)	
2 Sept 2019	Right	2-yr cont. employment after achieving FY20 STI measures[1]	(b)(ii)	
2 Sept 2019	Right	EPSa, rTSR, 3-yr cont. employment	(b)(i)	
1 July 2020	Right	2-year cont. employment after achieving FY21 STI measures	(b)(ii)	

(1) Applies to all KMP, except for the CEO.



Key:

Measurement period

150% of EPSA-linked rights vested and the rTSR-linked rights did not satisfy market conditions.

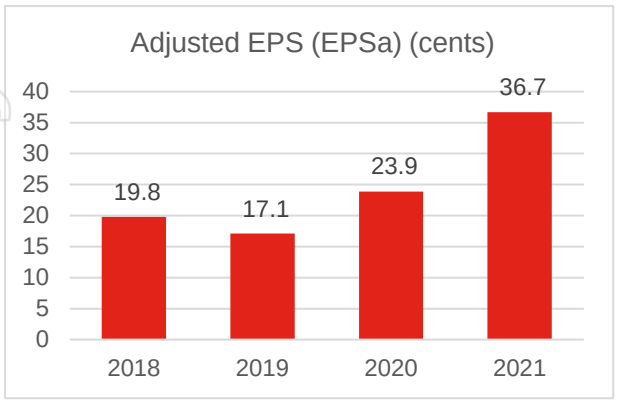
150% of EPSa-linked rights and 150% of the rTSR-linked rights will vest on 31 August 2021.

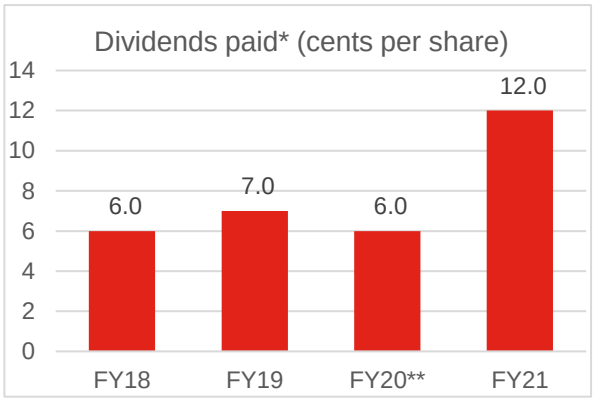
Yet to vest

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(i) Performance against LTI plan measures (2017 to 2019 LTI plans)

A summary of key measurement criteria of the Group's performance relevant for assessing shareholder value creation over the last four financial years is shown below:

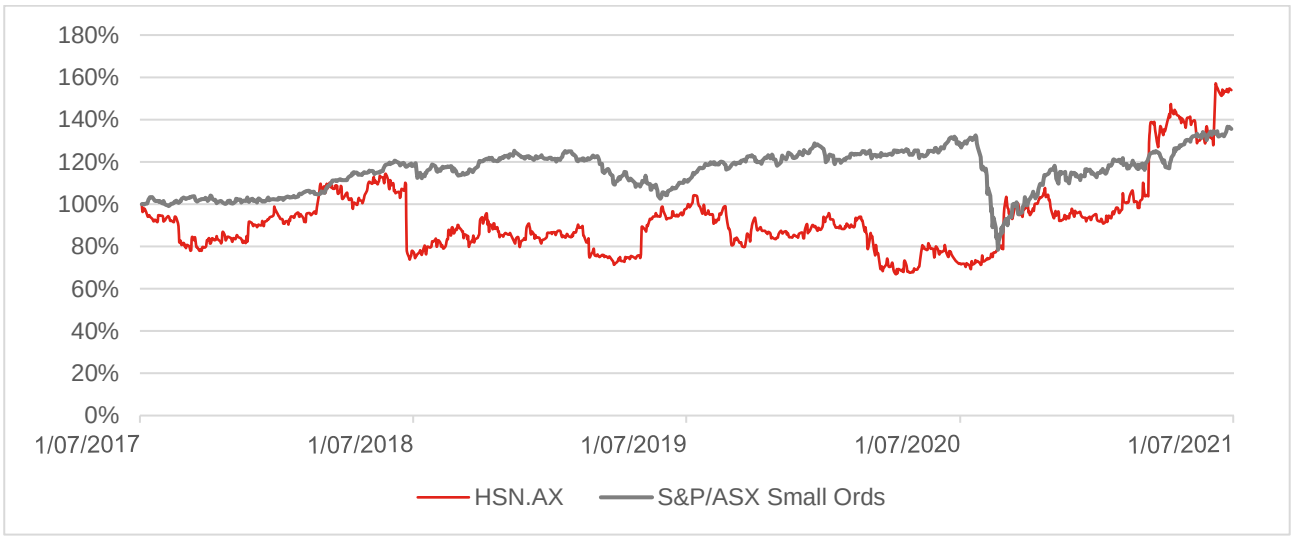




* Amount of dividends paid represents the return on shareholder value. However, the amount of dividends paid is not in itself a performance measure included in the FY18 to FY20 plans, but is included as part of the calculation of relative TSR.

** FY20 dividend amount has been amended to reflect the dividends paid in FY20. The previous amount disclosed the dividends declared for FY20.

Share price performance relative to S&P/ASX Small Ordinaries Index for the previous four years:



Performance outcomes against FY18 (2017) LTI plan measures

Performance rights under the FY18 (2017) LTI plan exceeded the required performance measurement hurdles in relation to the EPSa CAGR measure and vested on an accelerated basis paying 150% of the entitlement on 31 August 2020. A total of 163,077 performance rights granted to Executive KMP have been exercised and converted to shares on that date.

Performance rights associated with the TSR hurdle did not satisfy market conditions.

Performance outcomes against FY19 (2018) LTI plan measures

Performance rights under the FY19 (2018) LTI plan exceeded the required performance measurement hurdles in relation to the EPSa CAGR measure and exceeded the market conditions in relation to the TSR measure. The FY19 LTI plan will vest on an accelerated basis paying 150% of the entitlement on 31 August 2021.

The below table sets out the LTI performance targets and outcomes under the FY19 (2018) LTI plan framework:

Measure	Minimum target	Maximum target	Actual outcome	Outstanding rights at 1 July 2020	Forfeited (by termination)	Additional rights that will vest	Rights that will vest and are exercisable at reporting date
Relative TSR	50th percentile	75th percentile	77.16%	138,485	(15,619)	61,434	184,300
EPSa CAGR	6% CAGR	10% CAGR	22.9% CAGR	138,485	(15,619)	61,434	184,300
Total rights				**276,970**	**(31,238)**	**122,868**	**368,600**

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Performance outcomes against FY20 (2019) LTI plan measures

Performance rights granted in FY20 (2019) LTI plan have performance and market measurement criteria attached that will be measured over three years. Assessment and vesting (where conditions are satisfied) will happen after the completion of FY22.

(ii) Performance rights granted in FY21 and FY20

The table below sets out the value of LTI and Deferred STI performance rights granted in FY21 (2020) and FY20 (2019) LTI plans.

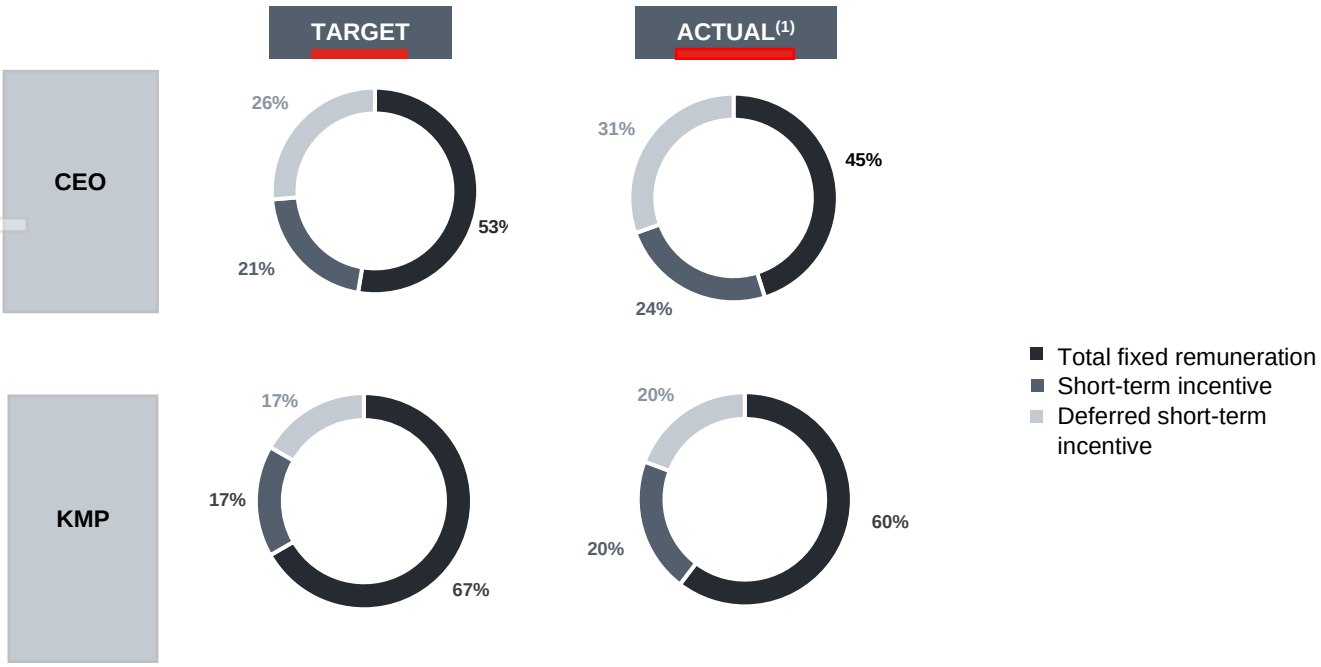
	FY21	FY20
	Value granted* $	
Deferred STI		
Andrew Hansen	426,379	-
Cameron Hunter	94,130	28,829
Darren Meade	94,589	28,970
Graeme Taylor	90,650	27,763
Niv Fernando[(1)]	-	27,478
LTI		
Andrew Hansen	-	339,511
Cameron Hunter	-	59,962
Darren Meade	-	60,255
Graeme Taylor	-	57,745
Niv Fernando[(1)]	-	57,151

* Represents the value of performance rights at grant date, calculated in accordance with AASB 2 *Share-based Payment*. The fair value of the rights has been determined by an independent external valuation expert in accordance with Australian Accounting Standards. The fair value of the STI rights was based fully on Black Scholes option pricing model (BSOPM) while the fair value of the LTI rights was based on Monte Carlo simulation option pricing model for the TSR component and BSOPM for the EPSa component. Note 17 to the Group's financial statements outlines the valuation methodology and key inputs and assumptions to the valuation in greater detail.

(1): Niv Fernando resigned on 31 July 2020. The rights granted in FY20 have been forfeited in FY21.

(c) Total remuneration mix

The following diagrams set out the proportional mix of remuneration for the CEO and KMP at both the target amount and the actual remuneration achieved for FY21:



(1): Target and actual remuneration mix is calculated based on the combination of each CEO and KMP's total fixed remuneration for FY21, the value of STIs awarded in relation to actual performance outcomes for FY2021 in cash and the value of deferred STIs under the FY21 Enhanced STI plan. The proportional mix of remuneration for KMP is based on an average amount. The difference between the target and actual remuneration mix relates to the overachievement of financial targets measure and the value of equity-based incentives, of which the target was based on the share price, while the actual was based on the fair value of the performance rights at grant date using Black Scholes option pricing model.

4. Remuneration details: Executive KMP

(a) Statutory remuneration details

Details of Executive KMP remuneration for the 2020 and 2021 financial years are set out in the table below:

		Fixed Remuneration					Variable Remuneration		Total	
Executive KMP	Year	Cash Salary $	Super $	Non-monetary benefits $	Annual & long service leave $	Total $	STI [1][2] awarded $	LTI [2] fair value $	Total $	Perform-ance related %
Andrew Hansen	2021	860,925	25,000	30,370	15,653	931,948	693,291	546,663	2,171,902	57%
	2020	860,926	25,000	34,848	72,785	993,559	371,423	410,874	1,775,856	44%
Cameron Hunter	2021	404,324	25,000	15,785	24,242	469,351	190,339	115,359	775,049	39%
	2020	392,398	25,000	11,504	14,952	443,854	136,451	95,321	675,626	34%
Darren Meade	2021	396,370	25,000	-	8,108	429,478	191,268	115,839	736,585	42%
	2020	395,749	25,000	-	11,414	432,163	137,116	94,777	664,056	35%
Graeme Taylor	2021	403,823	25,000	-	37,139	465,962	200,178	111,903	778,043	40%
	2020	381,264	25,000	-	(15,988)	390,276	131,407	91,796	613,479	36%
Niv Fernando[3]	2021	269,531	18,254	-	(905)	286,880	-	(25,752)	261,128	(10%)
	2020	377,115	25,000	-	7,981	410,096	130,054	90,851	631,001	35%
Total	**2021**	**2,334,973**	**118,254**	**46,155**	**84,237**	**2,583,619**	**1,275,076**	**864,012**	**4,722,707**	**45%**
	2020	**2,407,452**	**125,000**	**46,352**	**91,144**	**2,669,948**	**906,451**	**783,619**	**4,360,018**	**39%**

(1): Represents STI awarded and accrued in relation to actual performance during the 2021 and 2020 financial years. This includes performance rights granted as remuneration that are valued at grant date in accordance with AASB 2 *Share-based Payment* and amortised over vesting period.

(2): Performance rights granted as remuneration are valued at grant date in accordance with AASB 2 *Share-based Payment* and amortised over vesting period.

(3): Niv Fernando resigned on 31 July 2020. Cash salary for FY21 includes base salary of $29,738 and termination benefits of $239,793. Annual and long service leave for FY21 is the net of annual leave paid of $50,150 and long service leave not vested of $51,055.

(b) Options awarded, vested and lapsed during the year

There were no options awarded, vested and lapsed during the year.

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(c) Performance rights awarded, vested and lapsed during the year

Performance rights issued under the Group's FY21 (2020) Enhanced STI plan during the year are subject to the service and performance criteria as described on pages 15 to 16.

The following table sets out details of performance rights granted to executives:

Name and grant date	Type	Opening balance	Granted	Forfeited	Overachieve-ment of performance measure	Market condition not satisfied	Vested and exercised	Closing balance at 30 June 2021
Andrew Hansen*								
1 Jul 2020	STI(1)	-	157,918	-	-	-	-	157,918
2 Sep 2019	LTI	119,969	-	-	-	-	-	119,969
2 Jul 2018	LTI(3)	148,459	-	-	-	-	-	148,459
2 Jul 2017	LTI	116,972	-	-	29,243	(58,486)	(87,729)	-
Sub-total		385,400	157,918	-	29,243	(58,486)	(87,729)	426,346
Cameron Hunter								
1 Jul 2020	STI(1)	-	34,863	-	-	-	-	34,863
2 Sep 2019	STI(2)	9,270	-	-	-	-	-	9,270
2 Sep 2019	LTI	21,188	-	-	-	-	-	21,188
2 Jul 2018	LTI(3)	32,775	-	-	-	-	-	32,775
2 Jul 2017	LTI	25,824	-	-	6,456	(12,912)	(19,368)	-
Sub-total		89,057	34,863	-	6,456	(12,912)	(19,368)	98,096
Darren Meade								
1 Jul 2020	STI(1)	-	35,033		-	-	-	35,033
2 Sep 2019	STI(2)	9,315	-	-	-	-	-	9,315
2 Sep 2019	LTI	21,291	-	-	-	-	-	21,291
2 Jul 2018	LTI(3)	32,935	-	-	-	-	-	32,935
2 Jul 2017	LTI	25,157	-	-	6,289	(12,578)	(18,868)	-
Sub-total		88,698	35,033	-	6,289	(12,578)	(18,868)	98,574
Graeme Taylor								
1 Jul 2020	STI(1)	-	33,574	-	-	-	-	33,574
2 Sep 2019	STI(2)	8,927	-	-	-	-	-	8,927
2 Sep 2019	LTI	20,405	-	-	-	-	-	20,405
2 Jul 2018	LTI(3)	31,563	-	-	-	-	-	31,563
2 Jul 2017	LTI	24,869	-	-	6,218	(12,435)	(18,652)	-
Sub-total		85,764	33,574	-	6,218	(12,435)	(18,652)	94,469
Niv Fernando								
2 Sep 2019	STI(2)	8,835	-	(8,835)	-	-	-	-
2 Sep 2019	LTI	20,195	-	(20,195)	-	-	-	-
2 Jul 2018	LTI(3)	31,238	-	(31,238)	-	-	-	-
2 Jul 2017	LTI	24,613	-	-	6,154	(12,307)	(18,460)	-
Sub-total		84,881	-	(60,268)	6,154	(12,307)	(18,460)	-
Sub-total	STI(1), (2)	36,347	261,388	(8,835)	-	-	-	288,900
Sub-total	LTI	697,453	-	(51,433)	54,360	(108,718)	(163,077)	428,585
Grand Total		733,800	261,388	(60,268)	54,360	(108,718)	(163,077)	717,485

*The Board has resolved to issue 157,918 rights to Andrew Hansen, the Chief Executive Officer and an additional 55,271 rights on overachievement of targets, as part of the 2020 Enhanced STI plan issued in FY21. The issue of these rights was approved by shareholders at the Company's Annual General Meeting on 26 November 2020. Any differences in the fair value of the performance rights between the original grant date by the Board and the date of shareholder approval is not material to remuneration awarded.

(1): STI performance rights granted on 1 July 2020 represent 56% and 50% of the total short-term incentives awarded to the CEO and the rest of the KMP, respectively on achievement of specific annual financial and non-financial KPIs. The performance rights have exceeded the required specific annual financial and non-financial KPIs and will vest on an accelerated basis paying 135% of the entitlement on 30 June 2023.

(2): STI performance rights granted on 2 September 2019 represent 25% of the total short-term incentives awarded to the KMP on achievement of specific annual financial and non-financial KPIs. This applies to all KMP except for the CEO.

(3) Performance rights in relation to the EPSa CAGR and TSR measures for FY19 (2018) LTI plan exceeded the required performance measurement hurdles and market conditions, respectively and will vest on an accelerated basis paying 150% of the entitlement on 31 August 2021.

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The terms and conditions of each grant of rights affecting the remuneration in the current or future reporting period are as follows.

Grant date	Vesting date	Type	Value per right at grant date	Performance achieved	% Vested	Number of Rights on 30 June 2021
2 Jul 2018	31 Aug 2021(1)	LTI	$3.01	150%(2)	-	245,732
2 Sept 2019	30 Jun 2022	STI(3)	$3.11	100%	-	27,512
2 Sept 2019	30 Jun 2022	LTI	$2.83	-	-	182,853
1 July 2020	30 June 2023	STI(3)	$2.70	135%(4)	-	261,388

(1): The vesting date for performance rights granted on 2 July 2018 is the date on which the Board notifies the executive that the options and rights have vested, after the outcomes for the measurement period have been determined and satisfaction of the performance conditions have been assessed. This is likely to be the date as stated in the table.

(2): Performance rights in relation to the EPSa CAGR and TSR measures exceeded the required performance measurement hurdles and market conditions, respectively and will vest on an accelerated basis paying 150% of the entitlement on 31 August 2021.

(3): Deferred STI plans are subject to a two-year deferral period of which the Executive KMP must be employed. Refer to 3(a) Performance Against STI Outcomes.

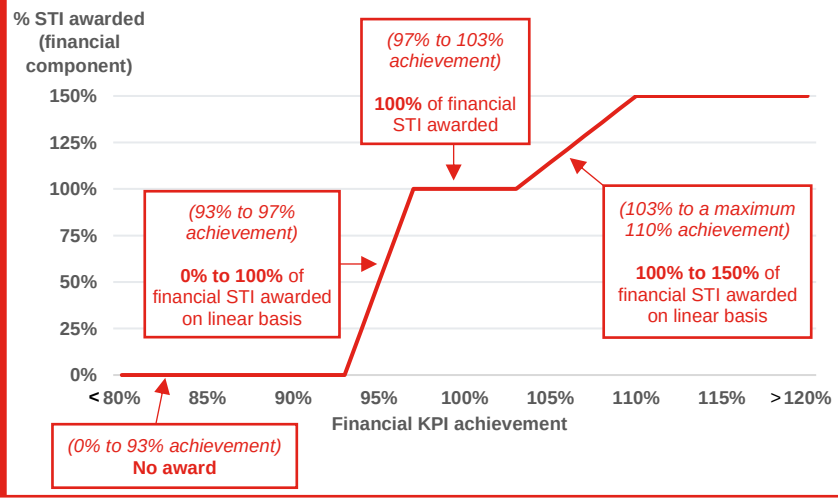
(4): STI performance rights granted on 1 July 2020 have exceeded the required specific annual financial and non-financial KPIs and will vest on an accelerated basis paying 135% of the entitlement on 30 June 2023.

5. FY2022 INCENTIVE PLAN

(a) Short-term incentive plan

Objective	To incentivise and align rewards attainable by Executive KMP with the achievement of specific annual objectives of the Group and the creation of shareholder value.
How is it paid?	Annual cash entitlement on achievement of specific annual financial and non-financial KPIs.
How much can executives earn?	Target benefit is set at 40% of TFR for the CEO and 25% of TFR for other Executive KMP. These are subject to the following minimum and target performance thresholds:

Financial KPIs (70% total STI)



Non-financial KPIs (30% total STI)	Non-financial KPIs are assessed and awarded up to a maximum of 100% based on specific outcomes.

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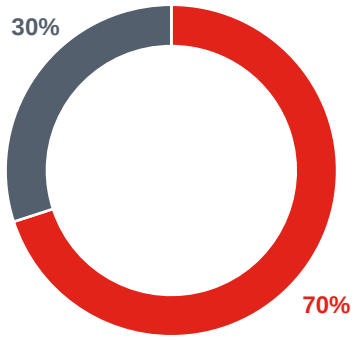
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How is performance measured?

Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of delivering the best possible outcome over the next 12 months given the current economic environment. Financial measures selected are measures against which management and the Board assess the short-term financial performance of the Group. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to the Group within that individual's level of responsibility. These objectives are determined by the CEO and the Board in accordance with the process set out on page 14.

The weightings for each performance measure that comprise the total STI opportunity are set out below:

The selection of **non-financial KPIs** varies depending on each KMP's roles and responsibilities within the Group. These may include achievement of specific strategic projects that drive the best possible outcome over the next 12 months. Each KMP may have a number of separate non-financial KPIs. Achievement of each individual's non-financial KPIs is determined by reference to an assigned performance rating determined by the CEO and the Board at the end of the financial year in accordance with the process described on page 14.



Achievement of **financial KPIs** is determined by reference to the Group's audited accounts for the year in question. No payment is made in respect of financial KPIs to any KMP if the target amount is not met for the Group (set at 93% of budgeted revenue and EBITDA).

■ Financial KPIs (budgeted revenues and EBITDA) ■ Non-financial KPIs

The Board retains final discretion over incentive payments to ensure outcomes appropriately reflect performance and achieve objectives of the executive incentive scheme.

What happens if an executive leaves?

If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the cash entitlements will be awarded on a pro-rata basis according to the eligible period of time served up until the termination date.

Where termination occurs by way of dismissal or resignation prior to the end of the measurement period, the cash component may be paid on a pro-rata basis.

If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.

Changes from the FY21 Enhanced STI Plan

The Board has discontinued the enhanced STI plan and has reverted to a remuneration structure to reward the Executive KMP through the STI and LTI plans.

For the STI plan, all incentives will be paid in cash upon achievement of specific annual and non-financial KPIs.

KPIs are structured in a way that the Group will be in the best position for the next financial year, whilst being mindful of the longer term to ensure the business is optimally placed for future years.

(b) Long-term incentive plan

Objective	To align the rewards attainable by Executive KMP with the achievement of particular long-term objectives of the Group and achievement of increasing shareholder value. Eligibility to participate in the LTI scheme is determined by the Board and is targeted at senior executives whose role contributes significantly to the performance of the Group.
How is it paid?	LTIs are awarded as performance rights on achievement of certain thresholds reflective of shareholder value delivered. Each performance right entitles the eligible executive to be issued with a share.
How much can executives earn?	Performance rights are subject to the service and performance conditions. The target LTI benefit is set as follows: • CEO LTI: 50% of TFR delivered as performance rights subject to vesting conditions; and • KMP LTI: 25% of TFR delivered as performance rights subject to vesting conditions. The number of performance rights issued is based on each Executive's target LTI benefit divided by the market value of the rights. The market value of rights granted is based on the volume-weighted average price of the Company's shares during the five-day period before grant date. LTI benefits of up to 150% of target LTI is payable where performance criteria are exceeded.
How is performance measured?	Vesting of the LTI awards are subject to the following criteria: 1. Three years of continuous employment with the Group from 1 July 2021 to 30 June 2024. 2. Achievement of the thresholds over the same three-year period as set out below:

Relative Total Shareholder Return (rTSR)

The percentage change in a company's share price, plus the effect of any dividends paid, over the measurement period, relative on a ranked percentile basis to a comparative group (S&P/ASX Small Ordinaries Index).

Relative TSR is a measure widely understood and accepted by shareholders, as it directly measures shareholder value creation.



Revenue

Based on the achievement of a compounded annual growth rate of 12.5% of revenue over the measurement period.

Revenue growth is selected as it is considered a relevant indicator linking financial performance with shareholder value.

The proportion of rights that may vest based on relative TSR performance is determined based on the following vesting schedule:

Relative TSR performance	Percentage of performance rights that will vest
< 50th percentile	None
Between 50th to 75th percentile	100% to 150% on a linear basis
> 75th percentile	150%

The proportion of rights that may vest based on Revenue CAGR is determined based on the following vesting schedule:

Percentage achievement against 12.5% Revenue CAGR	Percentage of performance rights that will vest
< 93%	None
> 93% < 97%	0% to 100% on a linear basis
> 97% < 103%	100%
>103% <110%	100% to 150% on a linear basis

The Board has discretion to change the amount awarded if the Board considers the outcome to be misaligned given the circumstances that prevailed over the relevant measurement period and the experience of shareholders.

Performance rights will be forfeited if performance and market conditions are not met.

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What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g. death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the unvested performance rights will vest on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the vesting of the performance rights, unvested rights may vest on a pro-rata basis according to the eligible period of time served up until the termination date at the Board's discretion. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.

(c) Changes from FY21 Enhanced STI Plan

The Board has discontinued the enhanced STI program and has reverted to a remuneration structure to reward the Executive KMP through STI and LTI plans.

For the STI plan, the deferred equity component has been removed and all incentives shall be paid in cash upon achievement of specific annual and non-financial KPIs. KPIs are structured in a way that the Group will be in the best position to manage year ahead, whilst being mindful of the longer term to ensure the business is optimally placed for the recovery ahead.

For the LTI plan, all incentives will be paid through equity in the form of performance rights, which will vest and will convert to shares on achievement of thresholds reflective of shareholder value delivered. Previously, one of the financial measurement criteria was EPSa growth. The FY22 LTI scheme removes this measurement and introduces a new revenue measurement criteria based on a revenue CAGR metric aligned with the Group goal of achieving $500 million turnover by 2025.

6. Contractual arrangements with Executive KMP

Remuneration and other conditions of employment are set out in each executive's employment contract. The key elements of these employment contracts are summarised below:

Component	Approach for CEO	Approach for other Executive KMP
Total Fixed Remuneration	$928,557	Range between $410,000 and $445,000
Contract duration	Ongoing	Ongoing
Notice by individual / company	6 months	1 month
Termination of employment (without cause)	The Board has discretion to allow some or all STI entitlements to be paid out on a pro-rata basis aligned to time, where termination occurs by way of resignation or dismissal (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board). In other forms of without cause terminations, the STI will be reduced proportionately to reflect the portion of the Measurement Period, but there is no other impact to the executive's entitlement. The Board has discretion to allow unvested LTIs to vest on a pro-rate basis aligned to time. Where this discretion is not exercised, such unvested options or rights will lapse.	
Termination of employment (with cause)	STI is forfeited. All unvested LTIs and vested, but unexercised LTIs are forfeited.	

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7. Remuneration details: Non-Executive KMP

Non-Executive Directors enter into service agreements through a letter of appointment. Non-Executive Director fees are determined with reference to market levels and the need to attract high quality Directors.

Non-Executive Directors do not receive any variable or performance-based remuneration.

The Non-Executive Director fee pool currently has a maximum value of $630,000 per annum, as approved by shareholders at the 2019 AGM.

The annual fees provided to Non-Executive Directors, inclusive of superannuation, are shown below:

	2021 ($)	2020 ($)
Board fees		
Chairman	140,000	127,541
Other Non-Executive Directors	80,000	72,000
Committee fees		
Audit and Risk Committee – chair	9,000	9,000
Audit and Risk Committee – member	5,000	5,000
Remuneration Committee – chair	9,000	9,000
Remuneration Committee – member	5,000	5,000

		Fixed Remuneration			
Non-Executive Director	**Year**	**Salary and Fees ($)**	**Super ($)**	**Non-monetary benefits ($)**	**Total ($)**
David Trude	2021	122,526	11,640	-	134,166
	2020	116,476	11,065	-	127,541
Bruce Adams	2021	73,364	6,969	-	80,333
	2020	69,293	6,582	-	75,875
Jennifer Douglas	2021	77,930	7,403	-	85,333
	2020	73,098	6,944	-	80,042
Don Rankin	2021[1]	83,866	8,437	-	92,303
	2020	44,236	4,914	-	49,150
David Osborne	2021	73,364	6,969	-	80,333
	2020	69,293	6,582	-	75,875
David Howell	2021	81,583	7,750	-	89,333
	2020	76,918	7,307	-	84,225
Total	**2021**	**512,633**	**49,168**	**-**	**561,801**
	2020	**484,647**	**46,750**	**-**	**531,397**

(1): Don Rankin was appointed Chair of the Audit and Risk Committee and member of the Remuneration Committee at the Board Meeting held on 19 December 2019.

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8. Share-based remuneration disclosures

(a) Shareholdings of KMP

The number of shares in the Company held by each Non-Executive Director and Executive KMP during the year, including their related parties, is summarised below:

		Received during the year on exercise of:			
	Balance 30 June 2020	Options	Performance rights	Other changes during the year	Balance 30 June 2021
Non-Executive Directors					
David Trude	103,956	-	-	3,100	107,056
Bruce Adams[(1)]	34,891,417	-	-	-	34,891,417
Jennifer Douglas	16,000	-	-	-	16,000
Don Rankin	25,000	-	-	-	25,000
David Osborne[(1)]	35,125,448	-	-	-	35,125,448
David Howell	33,666	-	-	(376)	33,290
Executive KMP					
Andrew Hansen [(1)]	34,967,499	-	87,729	-	35,055,228
Cameron Hunter	1,105,882	100,000	19,368	(2,191)	1,223,059
Darren Meade	79,783	100,000	18,868	(504)	198,147
Graeme Taylor	135,240	100,000	18,652	(65,193)	188,699
Niv Fernando[(2)]	76,079	100,000	18,460	(194,539)	-
Joint interest[(1)]	(69,478,226)	-	-	-	(69,478,226)
Total	**37,081,744**	**400,000**	**163,077**	**(65,164)**	**37,385,118**

(1): Each of Bruce Adams, David Osborne and Andrew Hansen has a joint interest in a single parcel of 34,739,113 shares as at the date of this report.

(2): Niv Fernando resigned on 31 July 2020.

(b) Shares issued on exercise of options and performance rights

Options

All remaining options on issue as at the beginning of the year have been exercised at $2.67 per share.

The below table sets out the value of options under legacy LTI plans that were exercised in FY21. There were no options and rights exercised in FY20.

	Number of shares issued	Value exercised* $
Cameron Hunter	100,000	136,416
Darren Meade	100,000	158,169
Graeme Taylor	100,000	158,169
Niv Fernando	100,000	280,000

*Represents the intrinsic value of options that were exercised during the financial year 2021, which is the net dollar value of shares realised from the exercise of profitable options. Intrinsic value is calculated as the difference between the exercise price and the underlying share price at the date of the exercise. For example, an option with an exercise price of $2.00 exercised when the underlying share price is $5.00 has an intrinsic value of $3.00.

Performance rights

On 31 August 2020 the FY18 (2017) plan vested and therefore, 163,077 shares were issued to Executive KMP on that date. Refer to 3(b) Performance outcomes against FY18 (2017) LTI plan.

The share price as at 31 August 2020 was $4.15 per share.

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The below table sets out the value of performance rights under FY18 (2017) LTI plan that vested on 31 August 2020.

	Number of shares issued	Value exercised* $
Andrew Hansen	87,729	364,075
Cameron Hunter	19,368	80,377
Darren Meade	18,868	78,302
Graeme Taylor	18,652	77,406
Niv Fernando	18,460	76,609

*Represents the intrinsic value of performance rights that were exercised during the financial year 2021, which is the value of shares at the date of the exercise.

9. Other transactions with KMP

Rental agreements with the CEO and other KMP

The Group leases its Melbourne head office and its York Street (South Melbourne) office from entities in which the CEO is a Director. The terms and conditions of the lease and other property arrangements are no more favourable than those available, or which might reasonably be expected to be available, from others on an arm's length basis. In addition, the Group rents an apartment in New York City, USA, on an as-required basis at a rate favourable to the Group. The apartment is owned by the CEO.

The total lease and rental payments during the 2021 financial year related to these arrangements were $1,620,420.

Bruce Adams and David Osborne have a joint indirect interest in the entity that is a lessor to the Melbourne and South Melbourne arrangements as described above. The terms and conditions of the lease arrangements have not changed in the current financial year.

Signed in accordance with a resolution of the Directors.





David Trude
Director

Andrew Hansen
Director

Melbourne
24 August 2021

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RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hansen Technologies Limited and its controlled entities for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Dated: 24 August 2021
Melbourne, Victoria

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Consolidated Statement of Comprehensive Income

For the Year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Operating revenue	3	307,730	301,369
Other income	3	2,552	2,320
Total revenue and other income		**310,282**	**303,689**
Employee benefit expenses	5	(149,046)	(168,193)
Depreciation expense	5	(9,834)	(11,307)
Amortisation expense	5	(31,053)	(31,028)
Property and operating rental expenses	5	(3,657)	(4,324)
Contractor and consultant expenses		(6,364)	(9,405)
Software licence expenses		(2,573)	(2,962)
Hardware and software expenses		(16,964)	(15,559)
Travel expenses		(343)	(6,823)
Communication expenses		(2,246)	(3,325)
Professional expenses		(5,378)	(2,827)
Finance costs on borrowings	5	(4,647)	(8,087)
Finance costs on lease liabilities	5	(911)	(1,193)
Foreign exchange (losses)/gains	5	(2,731)	744
Other expenses		(4,403)	(9,559)
Total expenses		**(240,150)**	**(273,848)**
Profit before income tax expense		70,132	29,841
Income tax expense	6(a)	(12,797)	(4,084)
Net profit after income tax expense		**57,335**	**25,757**
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit and loss			
Net gain/(loss) on hedges of net investments	22(a)	428	(802)
Exchange differences on translation of foreign entities, net of tax	22(a)	(4,720)	(13,141)
Other comprehensive (expense)/income for the year, net of tax		**(4,292)**	**(13,943)**
Total comprehensive income for the year		**53,043**	**11,814**
Basic earnings (cents) per share attributable to ordinary equity holders of the Company	7	28.8	13.0
Diluted earnings (cents) per share attributable to ordinary equity holders of the Company	7	28.5	12.9

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 35 to 87.

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	8	52,138	44,492
Receivables	9	77,413	47,916
Accrued revenue	3(a)(ii)	24,303	21,945
Other current assets	10	11,932	8,357
Total current assets		165,786	122,710
Non-current assets			
Plant, equipment & leasehold improvements	11	12,590	11,414
Intangible assets	12	356,153	377,660
Right-of-use assets	13(a)	16,157	20,087
Deferred tax assets	6(b)	9,404	9,971
Other non-current assets	10	1,091	3,681
Total non-current assets		395,395	422,813
Total assets		**561,181**	**545,523**
Current liabilities			
Payables	14	37,224	24,223
Borrowings	19	117,507	591
Lease liabilities	13(b)	5,552	5,661
Current tax payable		10,983	5,632
Provisions	15, 16	16,352	15,555
Unearned revenue	3(a)(ii)	35,108	24,471
Total current liabilities		222,726	76,133
Non-current liabilities			
Deferred tax liabilities	6(b)	38,038	43,443
Borrowings	19	-	157,852
Lease liabilities	13(b)	11,322	15,384
Provisions	15, 16	523	170
Unearned revenue	3(a)(ii)	53	47
Total non-current liabilities		49,936	216,896
Total liabilities		**272,662**	**293,029**
Net assets		**288,519**	**252,494**
Equity			
Share capital	20	145,224	140,952
Foreign currency translation reserve	22(a)	5,105	9,397
Share-based payments reserve	22(b)	7,971	5,404
Retained earnings	22(c)	130,219	96,741
Total equity		**288,519**	**252,494**

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 35 to 87.

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2020		**140,952**	**14,801**	**96,741**	**252,494**
Profit after income tax expense for the year	22(c)	-	-	57,335	57,335
Net gain on hedges of net investments	22(a)	-	428	-	428
Exchange differences on translation of foreign entities, net of tax	22(a)	-	(4,720)	-	(4,720)
Total comprehensive income for the year		**-**	**(4,292)**	**57,335**	**53,043**
Transactions with owners in their capacity as owners:					
Employee share options exercised	20(b)	2,363	-	-	2,363
Share-based payment expense – performance rights	17(e)	-	2,567	-	2,567
Equity issued under dividend reinvestment plan	20(b)	1,909	-	-	1,909
Dividends declared	22(c)	-	-	(23,857)	(23,857)
Total transactions with owners in their capacity as owners		**4,272**	**2,567**	**(23,857)**	**(17,018)**
Balance as at 30 June 2021	20, 22	**145,224**	**13,076**	**130,219**	**288,519**

	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2019		**138,746**	**27,271**	**82,853**	**248,870**
Profit after income tax expense for the year	22(c)	-	-	25,757	25,757
Net loss on hedges of net investments	22(a)	-	(802)	-	(802)
Exchange differences on translation of foreign entities, net of tax	22(a)	-	(13,141)	-	(13,141)
Total comprehensive income for the year		**-**	**(13,943)**	**25,757**	**11,814**
Transactions with owners in their capacity as owners:					
Employee share options exercised	20(b)	452	-	-	452
Share-based payment expense – performance rights	17(e)	-	1,473	-	1,473
Equity issued under dividend reinvestment plan	20(b)	1,754	-	-	1,754
Dividends declared	22(c)	-	-	(11,869)	(11,869)
Total transactions with owners in their capacity as owners		**2,206**	**1,473**	**(11,869)**	**(8,190)**
Balance as at 30 June 2020	20, 22	**140,952**	**14,801**	**96,741**	**252,494**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 35 to 87.

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Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		292,438	327,443
Payments to suppliers and employees		(182,914)	(243,713)
Interest received	3	19	54
Finance costs on borrowings	5	(3,081)	(6,760)
Finance costs on lease liabilities	5, 13(b)	(911)	(1,193)
Income tax paid		(12,342)	(6,202)
Net cash provided by operating activities	8(a)	**93,209**	**69,629**
Cash flows from investing activities			
Proceeds from sale of plant, equipment and leasehold improvements		-	616
Payments for plant, equipment and leasehold improvements	11	(4,927)	(5,041)
Payments for capitalised software development costs	12	(12,079)	(14,021)
Net cash used in investing activities		**(17,006)**	**(18,446)**
Cash flows from financing activities			
Proceeds from options exercised	20(b)	2,363	452
Proceeds from borrowings	19(b)	-	4,900
Repayment of borrowings	19(b)	(41,673)	(32,733)
Repayment of lease liabilities	13(d)	(6,130)	(6,982)
Dividends paid, net of dividend re-investment	21	(21,948)	(10,115)
Net cash used in financing activities		**(67,388)**	**(44,478)**
Net increase in cash and cash equivalents		**8,815**	**6,705**
Cash and cash equivalents at beginning of year		44,492	38,288
Effects of exchange rate changes on cash and cash equivalents		(1,169)	(501)
Cash and cash equivalents at end of the year	8	**52,138**	**44,492**

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 35 to 87.

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Section A: Basis of preparation

This section describes the basis in which the Group's financial statements are prepared. Specific accounting policies are described in the note to which they relate. The accounting policies have been consistently applied, unless otherwise stated.

1. Basis of preparation

(a) Basis of preparation of the Financial Report

This Financial Report is a general purpose Financial Report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Financial Report covers the Group, being Hansen Technologies Limited ("the Company") and its controlled entities as a consolidated entity. The Company is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 2 Frederick St, Doncaster Victoria 3108 Australia. The Company is a for-profit entity for the purposes of preparing the Group's financial statements.

This Financial Report was authorised for issue by the Directors on 24 August 2021.

The Group's consolidated financial statements have been presented in a streamlined manner to simplify the information disclosed and to make it more relevant for users. Similar notes have been grouped into sections with relevant accounting policies and judgements and estimate disclosures incorporated within the notes to which they relate.

Compliance with IFRS

The Group's consolidated financial statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The Financial Report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the Financial Report requires the use of certain estimates and judgements in applying the Group's accounting policies. The Group makes certain estimates and assumptions concerning the future which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk and where future events are not as anticipated, there could be a material impact on the carrying amounts of the assets and liabilities discussed in each of the affected notes.

Those estimates and judgements significant to the Financial Report are disclosed in the following notes:

Significant accounting estimate and judgement	Note	Page reference
Provision for expected credit losses of trade receivables	9	53
Capitalisation of research and development costs	12	57
Impairment of goodwill	12	58
Impairment of non-financial assets other than goodwill	12	58
Determining the lease term of contracts with renewal and termination options – Group as a lessee	13	63
Estimating the incremental borrowing rate	13	63
Share-based payments	17	70

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated Group, comprising the financial statements of the parent Company, and of all entities which the parent controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

1. Basis of preparation (continued)

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses, have been eliminated on consolidation. Subsidiaries are consolidated from the date that control is established.

(c) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(d) Rounding amounts

The parent Company and the consolidated Group have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, accordingly the amounts in the consolidated financial statements and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases to the nearest dollar.

(e) Going concern

The Financial Report has been prepared on a going concern basis.

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Section B: Performance

This section explains the operating results of the Group for the year and provides insights into the Group's results, including results by operating segment, separately disclosed items during the year that affected the Group's results, components of income and expenses, income tax and earnings per share.

2. Segment information

(a) Description of segments

Management has determined the Group's operating segments based on the reports reviewed by the CEO (the Chief Operating Decision Maker).

The operating segments are identified based on the types of services provided to the Group's customers and the type of customer the services are provided to. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Where operating segments meet the aggregation criteria, these are aggregated into reported segments. Operating segments are aggregated based on similar products and services provided to the same type of customers using the same distribution method.

Segment profits, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis and are eliminated on consolidation. There are no significant transactions between segments.

The Group has identified only one reportable segment as described in the table below. No operating segments have been aggregated to form the below reportable operating segment. The 'other' category includes business units that do not qualify as an operating segment, as well as the operating segments which do not meet the disclosure requirements of a reportable segment, including IT Outsourcing and Customer Care services.

Reportable segment	Description of segment
Billing	Sale of billing applications and the provision of consulting services related to billing systems.

(b) Segment information

2021	Billing $'000	Other $'000	Total $'000
Segment revenue			
Total segment revenue	299,642	8,088	307,730
Revenue from external customers	**299,642**	**8,088**	**307,730**
Segment profit			
Total segment profit	74,508	881	75,389
Segment profit from core operations	**74,508**	**881**	**75,389**
Items included within the segment profit:			
Depreciation expense	8,866	130	8,996
Amortisation expense	30,811	6	30,817
Total segment assets	**498,311**	**10,314**	**508,625**
Additions to non-current assets[(1)]	17,006	-	17,006
Total segment liabilities	**264,840**	**4,794**	**269,634**

(1): This includes additions to intangible assets and plant, equipment and leasehold improvements.

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2. Segment information (continued)

2020	Billing $'000	Other $'000	Total $'000
Segment revenue			
Total segment revenue	291,642	9,727	301,369
Revenue from external customers	**291,642**	**9,727**	**301,369**
Segment profit			
Total segment profit	33,191	666	33,857
Segment profit from core operations	**33,191**	**666**	**33,857**
Items included within the segment profit:			
Depreciation expense	10,693	138	10,831
Amortisation expense	30,779	5	30,784
Total segment assets	**482,160**	**14,284**	**496,444**
Additions to non-current assets(1)	19,062	-	19,062
Total segment liabilities	**287,009**	**4,938**	**291,947**

(1): This includes additions to intangible assets and plant, equipment and leasehold improvements.

(i) Reconciliation of segment revenue to the consolidated statement of comprehensive income

	2021 $'000	2020 $'000
Segment revenue	307,730	301,369
Total operating revenue	**307,730**	**301,369**

Geographical segments

In presenting information based on geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group's business segments operate geographically as follows:

Geographical segment	Regions covered
APAC	Australia, New Zealand and Asia
Americas	North America, Central America and Latin America
EMEA	Europe, Middle East and Africa

Product segments

In presenting information based on product segments, the Group's business segments provide the following types of products and services as follows:

Product	Description of product
Licence, support and maintenance	Recurring billing application licence, support and maintenance services delivered as part of a total billing system solution.
Services	Provision of various professional services in relation to customer billing systems and IT outsourced services covering facilities management, systems and operations support, network services and business continuity support.
Hardware and software sales	Provision of other third-party hardware and software licences to customers of the Group's billing system solutions.
Other	Includes reimbursed expenses incurred for servicing the customer contract.

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2. Segment information (continued)

(ii) Disaggregation of revenue from contracts with customers by segment

Set out below is the disaggregation of the Group's revenue from contracts with customers:

2021	Billing $'000	Other $'000	Total $'000
Products			
Licence, support and maintenance	177,076	6,065	183,141
Services	121,361	1,856	123,217
Hardware and software sales	1,138	130	1,268
Other revenue	67	37	104
Total revenue from contracts with customers	**299,642**	**8,088**	**307,730**
Revenue by market vertical			
Energy	141,250	1,773	143,023
Communications	158,392	39	158,431
Other	-	6,276	6,276
Total revenue from contracts with customers	**299,642**	**8,088**	**307,730**
Revenue by geographic segment			
APAC	45,033	6,334	51,367
Americas	75,495	1,754	77,249
EMEA	179,114	-	179,114
Total revenue from contracts with customers	**299,642**	**8,088**	**307,730**
Timing of revenue recognition			
Goods and services transferred at a point in time	67,126	167	67,293
Services transferred over time	232,516	7,921	240,437
Total revenue from contracts with customers	**299,642**	**8,088**	**307,730**

2020	Billing $'000	Other $'000	Total $'000
Products			
Licence, support and maintenance	155,257	4,871	160,128
Services	134,894	4,447	139,341
Hardware and software sales	835	295	1,130
Other revenue	656	114	770
Total revenue from contracts with customers	**291,642**	**9,727**	**301,369**
Revenue by market vertical			
Energy	174,354	4,438	178,792
Communications	117,288	-	117,288
Other	-	5,289	5,289
Total revenue from contracts with customers	**291,642**	**9,727**	**301,369**
Revenue by geographic segment			
APAC	49,269	5,307	54,576
Americas	80,639	4,420	85,059
EMEA	161,734	-	161,734
Total revenue from contracts with customers	**291,642**	**9,727**	**301,369**
Timing of revenue recognition			
Goods and services transferred at a point in time	32,001	295	32,296
Services transferred over time	259,641	9,432	269,073
Total revenue from contracts with customers	**291,642**	**9,727**	**301,369**

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2. Segment information (continued)

(iii) Reconciliation of segment profit from core operations to the consolidated statement of comprehensive income

	Note	2021 $'000	2020 $'000
Segment profit from core operations		75,389	33,857
Interest income	3	19	54
Unallocated depreciation and amortisation		(1,074)	(720)
Separately disclosed items impacting profit	4	(878)	440
Other expense		(3,324)	(3,790)
Profit before income tax		70,132	29,841
Income tax expense		(12,797)	(4,084)
Net profit after income tax expense		**57,335**	**25,757**

In the current financial year, all separately disclosed items have not been allocated to the Billing Segment as they are not directly attributable to the segment. In the previous financial year, $440,000 of income from the sale of a premises in Norway was not allocated to the Billing Segment.

(iv) Reconciliation of segment assets to the consolidated statement of financial position

	2021 $'000	2020 $'000
Segment assets	508,625	496,444
Unallocated assets		
– Cash	50,170	44,343
– Other	2,386	4,736
Total unallocated assets	52,556	49,079
Total assets	**561,181**	**545,523**

Total non-current assets attributed to individual geographies is detailed as follows. Unallocated assets include deferred tax assets, which are not allocated to a specific location as they are managed on a group basis:

	2021 $'000	2020 $'000
APAC	54,338	55,640
Americas	206,786	226,847
EMEA	133,887	139,939
Unallocated assets	384	387
Total non-current assets	**395,395**	**422,813**

(v) Reconciliation of segment liabilities to the consolidated statement of financial position

	2021 $'000	2020 $'000
Segment liabilities	269,634	291,947
Unallocated liabilities		
– Other	3,028	1,082
Total unallocated liabilities	3,028	1,082
Total liabilities	**272,662**	**293,029**

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3. Revenue and other income

	Note	2021 $'000	2020 $'000
Operating revenue			
Revenue from contracts with customers	2(b)(i)	307,730	301,369
Total operating revenue		**307,730**	**301,369**
Other income			
From operating activities			
Interest income	2(b)(iii)	19	54
Profit from sale of plant, equipment and leasehold improvements	2(b)(iii), 8(a)	-	440
Other income		2,533	1,826
Total other income		**2,552**	**2,320**
Total revenue and other income		**310,282**	**303,689**

(a) AASB 15 Revenue from Contracts with Customers

(i) Performance obligations

The transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognised. They include amounts recognised as unearned revenue and amounts that are contracted but not yet billed or performed.

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at 30 June 2021, is $104,010,000 (2020: $122,710,000). This amount mostly comprises obligations in our long-term contracts to provide software or “software-as-a-service” (SaaS) support and maintenance, open long-term professional services contracts as well as licences contracted but not yet earned as the licence has not yet been deployed. Most of this amount is expected to be recognised as revenue beyond the next 12 months following the respective consolidated statement of financial position date. This estimation is judgemental, as it needs to consider estimates of possible future contract modifications. The amount of transaction price allocated to the remaining performance obligations, and changes in this amount over time, are impacted by, among others, currency fluctuations and the remaining contract period of our billing solution agreements (which, in some cases, are contracted until 5 years after the consolidated statement of financial position date).

(ii) Contract balances

	2021 $'000	2020 $'000
Accrued revenue	24,303	21,945
Unearned revenue (current and non-current)	35,161	24,518

Accrued revenue mainly relates to software licences deployed on contract inception but have yet to be billed to the customer.

Revenue recognised in the current reporting period that was included in unearned revenue at the beginning of the reporting period was $24,370,000 (2020: $25,681,000), representing support and maintenance performed during the period.

(b) Government grants

Included in “Other income” during the financial year is $516,000 (2020: $461,000) related to government subsidies received in Canada and $493,000 (2020: $514,000) government grants to compensate for eligible employee expenditure related to research activities performed in Norway and in the United Kingdom. There were no unfulfilled conditions or contingencies attached to these grants.

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3. Revenue and other income (continued)

Significant accounting policies

Revenue

The Group derives revenues from customer contracts associated with the provision of billing solutions. A typical contract may include various deliverables in consideration for fees. Such deliverables in our contracts include, but are not limited to, the provision of a software licence, support, and maintenance services, as well as professional implementation and customisation services.

The nature of fee structures within the contracts varies by customer. The timing and frequency of invoicing depends on the terms and conditions of each contract. Invoices are billed to the customer either in advance or in arrears on normal commercial terms. Where the contract requires invoicing in advance, revenue is initially deferred as unearned revenue until the Group fulfils its performance obligations. Where the contract requires invoicing in arrears, revenue recognised on fulfilment of a performance obligation is brought to account as accrued revenue, until the Group's right to consideration becomes unconditional and the accrued revenue is then presented as a receivable.

The Group's accounting policies with respect to each of the individual deliverables in the Group's customer contracts is outlined in sub-sections (i) onwards.

(i) Licence, support and maintenance revenue

The Group's contracts for billing solutions regularly include software licences associated with the relevant billing solution provided to the customer. The nature of the licence varies by customer and billing solution. As part of the licence agreement, various support and maintenance services are available to support the customer's use of the billing solution. This includes the provision of various bug fixes, updates and helpdesk support.

Generally, the provision of the software licence is a distinct performance obligation. However, where there are associated implementation, customisation or other professional services in the contract that significantly modify, customise or are highly interrelated with the licence, the software licence and implementation services are combined into a single performance obligation. The determination of whether the licence should be combined with the services is a matter of judgement, depending on the nature of the implementation of the services provided and the licence specifications in the customer contract.

How the licence performance obligation is fulfilled depends on the nature of the licence and how the Group provides the licence to the customer, irrespective of whether the licence is provided in perpetuity or for a specified contractual term:

- Where the licence is installed and delivered on customer premises, the customer can derive substantial benefits from the licence on its own. Therefore, the performance obligation is fulfilled (and revenue recognised) at the point in time the licence goes live, typically when customer acceptance has been obtained and the licence meets the agreed-upon specifications.
- Where the licence is hosted by the Group (for example, in some of our SaaS applications), the customer is dependent on our continual hosting of the licence platform in order to derive and receive substantial benefits from the licence. Therefore, the performance obligation is fulfilled (and revenue recognised) over time, which is typically evenly over the contracted period in which access to the licence is made available to the customer.

Licence fees in some pay-TV and telecommunications contracts are dependent on the subsequent usage of the licence by the customer, which is determined by customer-defined metrics such as subscriber counts or end-user numbers. For these contracts, the Group uses the sales/usage-based royalty exception and recognises revenue when the subsequent usage is known, which is typically at the end of each billing period.

Support and maintenance services are generally considered a distinct single performance obligation, separately identifiable to the software licence, as all the individual activities that comprise of support and maintenance are highly interrelated with each other. Revenue related to the provision of support and maintenance is recognised evenly over the contracted term in which the customer is entitled to receive support and maintenance.

(ii) Services revenue

The Group provides various configuration, implementation, customisation and other professional services that the customer is contracted to receive. This may be a part of the overall billing solution, or discrete projects separately agreed with the customer. The various individual activities that form the professional services provided to the customer are highly interrelated with each other and therefore is treated as a single performance obligation. Revenue from these professional services are recognised over time by reference to the stage of completion of the contracts. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated

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3. Revenue and other income (continued)

Significant accounting policies

(ii) Services revenue (continued)

labour hours for each contract, and by reference to any contracted milestones achieved, such as customer acceptance of the final specification.

As described above in "Licence, support and maintenance revenue" certain professional services might be combined with the provision of the software licence depending on the nature of the licence and the professional services provided.

(iii) Hardware/software sales revenue

Some of the Group's subsidiaries on-sell certain third-party hardware and software products. Revenue is recognised when control over the software has transferred to the customer. Determination of when control has passed depends on whether the customer has legal title over the products, whether the customer has obtained possession of the products or whether the Group has present right to payment.

The Group is considered principal in the sales transaction as the Group has procured the products from its various vendors and the Group bears the risk and responsibility for selling those products to the customer.

(iv) Other revenue

Other revenue consists of reimbursed expenses incurred for servicing the customer contract. Revenue is recognised when the Group has legal enforceability under the contract to have the relevant expenses reimbursed from the customer.

(v) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

(vi) Presentation and disclosure

In Note 2(b)(ii) of the financial statements, the Group has disaggregated revenue recognised from contracts with customers into the following categories:

- The types of goods and services we provide our customers in our contracts;
- The primary market vertical that our customers operate in. 'Energy' includes our electricity, gas and water customers, while 'Communications' includes our telecommunications and pay-TV customers; and
- The key geographic regions where our customers are located, which is consistent with the geographic segments identified for our segment reporting.

We believe these categories best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

AASB 15 uses the terms "contract asset" and "contract liability". To maintain consistency in presentation with prior periods, the Group has retained the use of "accrued revenue" and "unearned revenue," respectively.

In disclosing the amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations, the Group has elected to use the practical expedient available in AASB 15 and disclose only the amounts allocated to performance obligations expected to be satisfied after the next 12 months.

Other income

Interest income is recognised when it becomes receivable on a proportional basis, taking into account the interest rates applicable to the financial assets.

3. Revenue and other income (continued)

Significant accounting policies

Sales tax (including GST and VAT)

Revenues, expenses and assets are recognised net of the amount of sales tax, except where the amount of sales tax incurred is not recoverable from the Tax Office. In these circumstances the sales tax is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of sales tax.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the sales tax component of investing and financing activities, which are disclosed as operating cash flows.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants received for which there are no future related costs are recognised in the statement of comprehensive income immediately.

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4. Separately disclosed items

The Group has disclosed underlying EBITDA and underlying profit after tax, referring to the Group's trading results adjusted for certain transactions during the year that are not representative of the Group's regular business activities. The Group considers that these transactions are of such significance to understanding the ongoing results of the Group, that the Group has elected to separately identify these transactions to determine an ongoing result to enable a "like-for-like" comparison. These items are described as "separately disclosed items" throughout this Financial Report.

	Note	2021 $'000	2020 $'000
Increase to profit before tax			
Non-recurring income			
Gain on final settlement of the Sigma acquisition		1,162	-
Profit from sale of an office premises	2(b)(iii)	-	440
Other income		-	679
Decrease to profit before tax			
Non-recurring expenses			
Other one-off costs		(2,040)	-
Restructuring and one-off costs incurred		-	(6,153)
Total separately disclosed items	2(b)(iii)	**(878)**	**(5,034)**

Non-recurring income

The Group has separately identified income that is considered not in the normal course of business activities. In the current financial year, included in this is the gain on final settlement of the acquisition of the Sigma group of entities ("Sigma") amounting to $1,162,000. Sigma was acquired by Hansen on 1 June 2019.

Included in the previous financial year is the profit from the sale of an office premises in Norway for $440,000.

The gain on final settlement of the acquisition of Sigma and the profit from sale of an office premises are included within the "Other income" account in the Group's consolidated statement of comprehensive income.

Non-recurring expenses

The Group has separately identified expenses recognised in relation to deferred remuneration for former Sigma employees of $2,040,000. This cost arose from the negotiated agreements in relation to the acquisition of Sigma in 2019 financial year and is not considered a transaction that is in the normal course of the Group's business activities. This amount is included within "Employee benefit expenses" as an amount that is not incurred in the normal course of business activities.

In the previous financial year, the Group recognised restructuring and one-off costs relating to redundancy and retention payments of staff amounting to $6,153,000. These costs are part of the Group's strategy to better integrate the business and align staffing according to customer demand. These costs were included within "Employee benefit expenses" and "Other expenses" in the Group's consolidated statement of comprehensive income.

(a) Reconciliation with Group statutory measures

	2021 $'000	2020 $'000
Underlying EBITDA	120,167	85,692
Less separately disclosed items	(878)	(5,034)
EBITDA[1]	**119,289**	**80,658**
Underlying net profit after tax	56,848	29,479
Less separately disclosed items	(878)	(5,034)
Tax effect of separately disclosed items[2]	1,365	1,312
Net profit after tax	**57,335**	**25,757**

(1) EBITDA is a non-IFRS term, defined as earnings before interest, tax, depreciation and amortisation, and excluding net foreign exchange gains (losses).

(2) Included within the tax effect of separately disclosed items is the impact on deferred tax adjustments of the final settlement of the acquisition of Sigma group of entities amounting to $824,000.

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5. Profit from continuing operations

Profit from continuing operations before income tax has been determined after the following specific significant expenses:

	Note	2021 $'000	2020 $'000
Employee benefit expenses			
Wages and salaries		138,329	157,695
Superannuation costs		8,150	9,025
Share-based payments and employee share plan expensed	8(a)	2,567	1,473
Total employee benefit expenses		**149,046**	**168,193**
Depreciation expense			
Plant, equipment and leasehold improvements	8(a), 11	3,714	4,354
Right-of-use assets	8(a),13(a)	6,120	6,953
Total depreciation of non-current assets		**9,834**	**11,307**
Amortisation of non-current assets			
Technology and other intangibles	8(a), 12	20,880	22,394
Software development costs	8(a), 12	10,173	8,634
Total amortisation of non-current assets		**31,053**	**31,028**
Property and operating rental expenses			
Other property-related expenses		3,657	4,324
Total property and operating rental expenses		**3,657**	**4,324**
Finance costs			
Finance costs on borrowings			
Prepaid borrowing costs	8(a),19(b)	1,566	1,327
Net finance costs on borrowings		3,081	6,760
Finance costs on lease liabilities	13(b)	911	1,193
Total finance costs		**5,558**	**9,280**
Net foreign exchange losses/(gains)			
Realised foreign exchange losses/(gains)		1,553	(599)
Unrealised foreign exchange losses/(gains)	8(a)	1,178	(145)
Total net foreign exchange losses/(gains)		**2,731**	**(744)**

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6. Income tax

(a) Components of income tax expense

	Note	2021 $'000	2020 $'000
Current tax expense		17,754	11,087
Deferred tax income	6(b)(iii)	(4,838)	(6,217)
Over provision in prior years		(119)	(786)
Total income tax expense		**12,797**	**4,084**
The prima facie tax payable on profit before income tax reconciled to the income tax expense is as follows:			
Prima facie income tax payable on profit before income tax at 30%		21,040	8,953
Add/(less) tax effect of:			
Impact of tax rates on foreign subsidiaries		(3,440)	(2,059)
Research and development allowances		(83)	(105)
Non-deductible share-based payments		494	300
Non-assessable income		(763)	-
Over provision in prior years		(119)	(786)
Utilisation of prior year tax losses not brought to account		(2,253)	(1,054)
Deferred tax not previously brought to account		(947)	-
Amortisation of acquired intangibles		(447)	(315)
Other non-allowable items		(685)	(850)
Income tax expense attributable to profit		**12,797**	**4,084**

(b) Deferred tax

	2021 $'000	2020 $'000
Deferred tax asset	9,404	9,971
Deferred tax liability	(38,038)	(43,443)
Net deferred tax	**(28,634)**	**(33,472)**

(i) Deferred tax asset

The deferred tax asset balance comprises of the following items:

	2021 $'000	2020 $'000
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	(607)	(367)
Other payables	1,274	1,983
Employee benefits	2,244	2,309
Temporary difference relating to lease accounting (adoption of AASB 16)	4,397	5,190
Accruals	2,096	856
	9,404	**9,971**

6. Income tax (continued)

(ii) Deferred tax liability

The deferred tax liability balance comprises of the following items:

	2021 $'000	2020 $'000
Research and development expenditure capitalised	(6,651)	(6,529)
Difference in depreciation and amortisation of plant, equipment and intangibles for accounting and income tax purposes	(26,016)	(30,012)
Temporary difference relating to lease accounting (AASB 16)	(4,164)	(4,957)
Other income not yet assessable	(1,126)	(1,885)
Other payables	(81)	(60)
	(38,038)	**(43,443)**

(iii) Reconciliation of net deferred tax balances

	Note	2021 $'000	2020 $'000
Opening balance – net deferred tax liability		(33,472)	(39,689)
Deferred tax income recognised in profit or loss	6(a)	4,838	6,217
Closing balance – net deferred tax liability		**(28,634)**	**(33,472)**

(iv) Deferred tax assets not brought to account (available tax losses)

	2021 $'000	2020 $'000
Gross capital losses	847	847
Gross operating losses	1,598	771
	2,445	**1,618**

Deferred tax assets have not been recognised in respect of these losses. Realisation of the unrecognised tax losses, temporary differences and offsets is dependent on the future production of sufficient taxable profits in the relevant jurisdictions as well as continued compliance with regulatory requirements for availability.

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6. Income tax (continued)

Significant accounting policies

Income tax

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Group is subject to income taxes in Australia and jurisdictions in which it has foreign operations. In some of these jurisdictions, namely Australia and the United States, the immediate parent entity and entities it controls have formed local income tax consolidated groups that are taxed as a single entity in their relevant jurisdiction. The head entity of the Australian tax consolidated group is Hansen Technologies Limited. Each tax consolidated group has entered a tax funding agreement whereby each entity in the tax consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances; and
- the current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

Each tax consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations. This means that under the tax sharing agreement, the subsidiaries are legally liable to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

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7. Earnings per share

	2021 $'000	2020 $'000
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings – ordinary shares	57,335	25,757
Diluted earnings – ordinary shares	57,335	25,757

	2021 No. of Shares	2020 No. of Shares
Weighted average number of ordinary shares used in calculating earnings per share:		
Number for basic earnings per share – ordinary shares	198,996,780	197,960,854
Number for diluted earnings per share – ordinary shares	201,046,313	199,177,904

	2021 Cents Per Share	2020 Cents Per Share
Basic earnings (cents) per share	28.8	13.0
Diluted earnings (cents) per share	28.5	12.9

Classification of securities as potential ordinary shares

As at 30 June 2021, the securities that have been classified as potential ordinary shares and included in diluted earnings per share are only the rights outstanding under the Employee Performance Rights Plan. The previous financial year included the rights and options. All remaining options from the legacy Employee Share Option Plan have been exercised in the current financial year.

Significant accounting policies

Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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Section C: Working Capital and Operating Assets

This section describes the different components of our working capital supporting the operating liquidity of the Group, as well as the long-term tangible and intangible assets supporting the Group's performance.

8. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and on hand	52,138	44,492
Total cash and cash equivalents	**52,138**	**44,492**

(a) Reconciliation of the net profit after tax to net cash flows from operating activities

	Note	2021 $'000	2020 $'000
Net profit after tax		57,335	25,757
Add/(less) items classified as investing/financing activities:			
Net profit on sale of non-current assets	3	-	(440)
Add/(less) non-cash items:			
Depreciation and amortisation	5	40,887	42,335
Share-based payments	5, 17(e)	2,567	1,473
Unrealised foreign exchange losses/(gains)	5	1,178	(145)
Recovery of previously charged expected credit loss	9	(632)	(44)
Expected credit loss charged	9	1,671	735
Amortisation of prepaid borrowing costs	5, 19(b)	1,566	1,327
Net cash provided by operating activities before change in assets and liabilities		**104,572**	**70,998**
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:			
Increase in trade receivables		(30,094)	(2,364)
(Increase)/decrease in sundry receivables and other assets		(1,708)	1,361
(Increase)/decrease in accrued revenue		(2,358)	3,851
Increase in trade payables		2,805	14,102
Increase/(decrease) in other creditors and accruals		8,335	(15,086)
(Decrease)/increase in bank overdraft		(591)	457
Increase in operating and employee benefits provision		1,150	1,322
Decrease in deferred taxes		(4,449)	(6,217)
Increase in current tax payable		4,904	4,100
Increase/(decrease) in unearned revenue		10,643	(2,895)
Net cash provided by operating activities		**93,209**	**69,629**

Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of six months or less held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

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9. Receivables

	2021 $'000	2020 $'000
Current		
Trade receivables	75,942	48,336
Less: provision for expected credit losses	(1,457)	(604)
	74,485	**47,732**
Sundry receivables	2,928	184
Total trade and other receivables	**77,413**	**47,916**

As at 30 June 2021, trade receivables of $14,473,000 (2020: $14,668,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of the trade receivables is as follows:

Trade receivables ageing analysis at 30 June:	Gross 2021 $'000	Provided 2021 $'000	Gross 2020 $'000	Provided 2020 $'000
Not past due	60,012	-	33,064	-
Past due 1– 30 days	5,275	-	4,852	-
Past due 31– 60 days	2,524	-	4,468	-
Past due more than 61 days	8,131	(1,457)	5,952	(604)
	75,942	**(1,457)**	**48,336**	**(604)**

The sundry receivables do not contain impaired assets and are not past due. Based on the credit history of these receivables, it is expected that these amounts will be received when due and thus, no provision for impairment has been recorded. The Group does not hold any collateral in relation to these receivables.

	Note	2021 $'000	2020 $'000
Movements in provision for expected credit loss:			
Opening balance at 1 July		604	221
Expected credit loss charged	8(a)	1,671	735
Recovery of previously charged expected credit loss	8(a)	(632)	(44)
Amounts written off		(237)	(308)
Others		51	-
Closing balance at 30 June		**1,457**	**604**

Significant accounting policies

Trade receivables

Trade receivables represent amounts owed by our customers and are recognised initially at the amount of consideration where the right to payment is conditional only on the passage of time. The Group holds the trade receivables with the objective of collecting contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less a provision for expected credit loss. Trade receivables are generally due for settlement between 30 and 60 days.

The Group recognises a provision for impairment by calculating lifetime expected credit losses (ECLs). In determining the appropriate amount of lifetime ECLs, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Individual debts which are known to be uncollectible are written-off by reducing the carrying amount directly. Expected credit losses are recognised in the consolidated statement of comprehensive income within “Other expenses” account. When a trade receivable for which a provision for expected credit loss had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

9. Receivables (continued)

Critical accounting estimate and judgement

Provision for expected credit losses 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 that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the energy sector, 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 of economic conditions may also not be representative of customer's actual default in the future.

As with the previous financial year, the Group has considered the impact of the COVID-19 pandemic on the amount of ECLs and has determined from its assessment that there has been no significant change to the recovery of the customers' debts.

10. Other assets

	2021 $'000	2020 $'000
Prepayments – current	7,793	6,441
Other assets – current	4,139	1,916
Total other current assets	**11,932**	**8,357**
Prepayments – non-current	1,091	2,292
Other assets – non-current	-	1,389
Total other non-current assets	**1,091**	**3,681**

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11. Plant, equipment and leasehold improvements

	Note	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
At 1 July 2020		42,461	4,189	46,650
Additions		4,674	253	4,927
Disposals		(11,735)	(518)	(12,253)
Net foreign currency movements arising from foreign operations		(503)	(49)	(552)
At 30 June 2021		**34,897**	**3,875**	**38,772**
Accumulated depreciation and impairment				
At 1 July 2020		(32,141)	(3,095)	(35,236)
Depreciation charge	5	(3,319)	(395)	(3,714)
Disposals		11,735	518	12,253
Net foreign currency movements arising from foreign operations		487	28	515
At 30 June 2021		**(23,238)**	**(2,944)**	**(26,182)**
Carrying amount at 30 June 2021		**11,659**	**931**	**12,590**

	Note	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
At 1 July 2019		38,409	4,162	42,571
Additions		4,958	83	5,041
Disposals		(724)	(13)	(737)
Net foreign currency movements arising from foreign operations		(182)	(43)	(225)
At 30 June 2020		**42,461**	**4,189**	**46,650**
Accumulated depreciation and impairment				
At 1 July 2019		(28,936)	(2,649)	(31,585)
Depreciation charge	5	(3,853)	(501)	(4,354)
Disposals		548	13	561
Net foreign currency movements arising from foreign operations		100	42	142
At 30 June 2020		**(32,141)**	**(3,095)**	**(35,236)**
Carrying amount at 30 June 2020		**10,320**	**1,094**	**11,414**

11. Plant, equipment and leasehold improvements (continued)

Significant accounting policies

Plant, equipment and leasehold improvements

Cost and valuation

All classes of plant, equipment and leasehold improvements are stated at cost less depreciation and any accumulated impairment losses.

Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:	2021	2020
Plant and equipment	3 to 15 years	3 to 15 years
Leasehold improvements	3 to 15 years	3 to 15 years

An item of plant, equipment and leasehold improvements initially recognised is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of plant, equipment and leasehold improvements are reviewed at each financial year end and are adjusted prospectively, if appropriate.

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12. Intangible assets

	Note	Goodwill $'000	Technology and other intangibles at cost $'000	Software development at cost $'000	Total $'000
Cost					
At 1 July 2020		221,288	188,585	80,420	490,293
Additions		-	-	12,079	12,079
Net foreign currency movements arising from foreign operations		(2,540)	(55)	(2,441)	(5,036)
At 30 June 2021		**218,748**	**188,530**	**90,058**	**497,336**
Accumulated amortisation and impairment					
At 1 July 2020		(1,593)	(62,243)	(48,797)	(112,633)
Amortisation charge	5	-	(20,880)	(10,173)	(31,053)
Net foreign currency movements arising from foreign operations		(8)	884	1,627	2,503
At 30 June 2021		**(1,601)**	**(82,239)**	**(57,343)**	**(141,183)**
Carrying amount at 30 June 2021		**217,147**	**106,291**	**32,715**	**356,153**

	Note	Goodwill $'000	Technology and other intangibles at cost $'000	Software development at cost $'000	Total $'000
Cost					
At 1 July 2019		229,458	196,264	65,583	491,305
Additions		-	-	14,021	14,021
Net foreign currency movements arising from foreign operations		(8,170)	(7,679)	816	(15,033)
At 30 June 2020		**221,288**	**188,585**	**80,420**	**490,293**
Accumulated amortisation and impairment					
At 1 July 2019		(1,595)	(41,466)	(39,551)	(82,612)
Amortisation charge	5	-	(22,394)	(8,634)	(31,028)
Net foreign currency movements arising from foreign operations		2	1,617	(612)	1,007
At 30 June 2020		**(1,593)**	**(62,243)**	**(48,797)**	**(112,633)**
Carrying amount at 30 June 2020		**219,695**	**126,342**	**31,623**	**377,660**

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12. Intangible assets (continued)

Significant accounting policies

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interests and the acquisition date fair value of the acquirers previously held equity interest; over (b) the net fair value of the identifiable assets acquired and liabilities assumed.

Technology and other intangibles

Other intangibles consist of trademarks, brand names, customer relationships and non-compete clauses.

Technology and other intangibles are recognised at cost and are amortised over their estimated useful lives, which is generally the term of the contract for customer contracts and 5-10 years for technology and other intangibles. Technology and other intangibles are carried at cost less accumulated amortisation and any impairment losses.

Research and development

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the entity can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development.

Capitalised development expenditure is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using a straight–line method to allocate the cost of the intangible asset over its estimated useful life, which is generally 5 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested at least annually for impairment in accordance with AASB 136 *Impairment of Assets*. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs of disposal and value in use.

Critical accounting estimate and judgement

Capitalisation of research and development costs

Development costs incurred are assessed for each research and development project and a percentage of the expenditure is capitalised when technical feasibility studies demonstrate that the project will deliver future economic benefits and those benefits can be measured reliably.

There has been an investment in research and development expenditure incurred in relation to the various billing software platforms in the 2021 financial year. Returns are expected to be derived from this investment over the coming year(s).

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year end. The estimation of useful lives of assets has been based on historical experience and expected product lifecycle, which could change significantly as a result of technological innovation.

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12. Intangible assets (continued)

(a) Impairment test for goodwill

For impairment testing, the Group views that its past business combinations giving rise to goodwill on acquisition relate to synergistic opportunities for its billing solutions. Therefore, goodwill is allocated entirely to the Billing CGU, which is also an operating and reportable segment.

The recoverable amount of the Billing CGU has been determined based on a value-in-use calculation using cash flow projections over a five-year period. Cash flows beyond the five-year forecast period are extrapolated using the estimated terminal growth rates.

Key assumptions used for value-in-use calculations

The key assumptions for the Billing CGU supporting the disclosed recoverable value are as follows:

- EBITDA for the first year based on financial budgets approved by senior management;
- Beyond the first year, profit before tax annual growth rate of 1.5% (2020: 1.5%);
- A post-tax discount rate of 6.1% (2020: 6.7%); and
- Terminal growth rate of 1.5% (2020: 1.0%) at the end of the forecast period.

Both the EBITDA growth rate beyond FY21 and the terminal growth rate ranges are derived from management's best estimate of revenue and operating expenditure growth, taking into account changes in the industry, customer market prospects, future product developments and technological innovation. Profit before income tax expense is then adjusted for amounts related to tax. Owing to the current global environment, management has maintained the annual and slightly increased the terminal growth rates assumptions to compensate for a fall in the overall risk-free rate.

The discount rate is based on the Group's weighted average cost of capital.

Results of impairment testing and sensitivity to changes in assumptions

The current year's calculation of the estimated recoverable amount of the CGU has not moved materially when compared to the prior year's estimated recoverable amount of the CGU, as changes in annual and terminal growth rates have been offset by a decrease in the risk-free rate; and expected future cash generation has not changed materially from the previous corresponding period.

The following table sets out key parameters that need to change for there to be no headroom available when comparing the calculation of the estimated recoverable amount of the CGU against the carrying value of the CGU at 30 June 2021:

Change required for carrying amount to equal recoverable amount	2021
Discount rate	8.70%
Budgeted EBITDA growth rate	(42.40%)

Critical accounting estimate and judgement

Impairment of goodwill

The Group tests whether goodwill has been impaired on an annual basis. Management judgement is applied to identify the cash generating units (CGU). The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions and discounting of future cash flows. These assumptions are based on best estimates at the time of performing the valuation. Cash flow projections do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

Goodwill is monitored by management at the level of operating segments identified in Note 2.

Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists, the recoverable amount of the asset is determined.

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13. Leases

(a) Right-of-use assets

	2021 $'000	2020 $'000
Cost	27,220	26,509
Accumulated depreciation	(11,063)	(6,422)
Net carrying amount at 30 June	**16,157**	**20,087**

Movements in cost and accumulated depreciation during the year are inclusive of any net foreign currency movements arising from foreign operations.

The Group has identified the following classes of right-of-use ("ROU") assets: properties, vehicles, office and IT equipment. The largest class of asset recognised is the Group's property leases, consisting of office buildings, as well as rental apartments for its employees undertaking short-term assignments overseas. Leases of properties generally have lease terms between 6 months and 5 years while leases of office equipment, vehicles and IT equipment, generally have terms between 1 and 3 years. The Group usually has rights to renew the lease arrangement that are reasonably certain to be exercised and therefore may have long effective lease terms. The rental payments associated with each lease varies according to the amount of space rented and the location of the lease. However, in most cases the amount of rental payments is indexed annually in line with the relevant national consumer pricing index.

Reconciliation of the carrying amounts of ROU assets at the beginning and end of the current financial year by class of asset is shown below:

	Note	ROU Properties $'000	ROU Office Equipment $'000	ROU Vehicles $'000	ROU IT Equipment $'000	Total $'000
Cost						
Balance as at 1 July 2020		**26,197**	**114**	**195**	**3**	**26,509**
Additions	13(b)	4,968	28	-	-	4,996
Re-measurement	13(b)	(2,877)	-	(65)	-	(2,942)
Make good provision		457	-	-	-	457
Disposals		(1,364)	(4)	(36)	(3)	(1,407)
Exchange differences from foreign operations		(387)	-	(6)	-	(393)
Balance as at 30 June 2021		**26,994**	**138**	**88**	**-**	**27,220**
Accumulated depreciation						
Balance as at 1 July 2020		**(6,338)**	**(38)**	**(45)**	**(1)**	**(6,422)**
Depreciation charge	5, 13(c)	(6,056)	(30)	(32)	(2)	(6,120)
Disposals		1,364	4	36	3	1,407
Exchange differences from foreign operations		72	-	-	-	72
Balance as at 30 June 2021		**(10,958)**	**(64)**	**(41)**	**-**	**(11,063)**
Net book value as at 30 June 2021		**16,036**	**74**	**47**	**-**	**16,157**

13. Leases (continued)

	Note	ROU Properties $'000	ROU Office Equipment $'000	ROU Vehicles $'000	ROU IT Equipment $'000	Total $'000
Cost						
Balance as at 1 July 2019		-	-	-	-	-
Adoption of new accounting standards	13(e)	25,933	114	82	149	26,278
Additions	13(b)	3,268	-	142	-	3,410
Re-measurement	13(b)	(2,148)	-	-	-	(2,148)
Disposals		(585)	-	(30)	(142)	(757)
Exchange differences from foreign operations		(271)	-	1	(4)	(274)
Balance as at 30 June 2020		**26,197**	**114**	**195**	**3**	**26,509**
Accumulated depreciation						
Balance as at 1 July 2019		-	-	-	-	-
Depreciation charge	5, 13(c)	(6,741)	(38)	(77)	(97)	(6,953)
Disposals		51	-	30	95	176
Exchange differences from foreign operations		352	-	2	1	355
Balance as at 30 June 2020		**(6,338)**	**(38)**	**(45)**	**(1)**	**(6,422)**
Net book value as at 30 June 2020		**19,859**	**76**	**150**	**2**	**20,087**

Re-measurement of the gross value of ROU assets results predominantly from the re-assessment of the estimation of the lease term for various properties within the Group.

In the financial year ended 30 June 2021, the cost of variable lease payments amounted to $3,000 (2020: $3,000). These variable lease payments do not depend on an index or a rate. These are included within the “Other expenses” account in the consolidated statement of comprehensive income.

(b) Lease liabilities

	2021 $'000	2020 $'000
Current	5,552	5,661
Non-current	11,322	15,384
	16,874	**21,045**

Reconciliation of the carrying amounts of lease liabilities and the movements during the financial year is shown below:

	Note	2021 $'000	2020 $'000
Balance as at 1 July		21,045	92
Adoption of new accounting standards	13(e)	-	26,628
Additions	13(a)	4,996	3,410
Re-measurement	13(a)	(2,942)	(2,148)
Accretion of finance costs	5	911	1,193
Payments		(7,041)	(8,175)
Exchange differences from foreign operations		(95)	45
Balance as at 30 June		**16,874**	**21,045**

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13. Leases (continued)

(c) Impact to profit or loss

The following are the amounts recognised in the profit or loss:

	Note	2021 $'000	2020 $'000
Depreciation expense of ROU assets	5, 13(a)	6,120	6,953
Finance costs on lease liabilities	5	911	1,193
Variable lease payments		3	3
Income from sub-leasing of ROU assets		-	(1)
Total amount recognised in profit or loss		**7,034**	**8,148**

(d) Impact to cashflows

The Group had total cash outflows for leases of $7,041,000 for the year ended 30 June 2021 (2020: $8,175,000). Out of the $7,041,000 (2020: $8,175,000) cash outflows, $6,130,000 (2020: $6,982,000) relates to cash outflows from investing activities (principal payments), while the remaining balance relates to cash outflows from operating activities (finance costs on lease liabilities). The Group also had non-cash additions of ROU assets of $5,453,000 (2020: $29,688,000) and lease liabilities of $4,996,000 (2020: $30,038,000) during the financial year. The maturity profile of the undiscounted cash outflows relating to outstanding leases is disclosed in Note 18.

The weighted average incremental borrowing rate applied to lease liabilities was 2.16% (2020: 4.7%).

(e) Impact on adoption of AASB 16

The Group adopted AASB 16 *Leases* on 1 July 2019 using a modified retrospective approach, where the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balances on the transition date. The effect of adopting AASB 16 brought an increase in ROU assets of $26,278,000, lease liabilities of $26,628,000 and a decline of $350,000 in provisions.

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13. Leases (continued)

Significant accounting policies

Leases

The determination of whether an arrangement is (or contains) a lease depends on whether the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of an identified asset exists when the arrangement involves the use of an identified asset, when the Group obtains substantially all the economic benefits from the use of the asset, and when the Group has the right to direct the use of the asset.

The lease term is first determined with reference to the non-cancellable period of the lease contract, adjusted for any periods covered by options to extend the lease and/or to early terminate the lease if the Group is reasonably certain to exercise the options. Judgement is applied by the Group in determining whether the Group is reasonably certain to exercise the options.

Lease liabilities are initially recognised and measured based on the total value of fixed and variable contractual lease payments over the lease term, including payments to extend or terminate the lease if the Group is reasonably certain to exercise the option to extend or terminate the lease respectively. The lease payments are discounted to present value based on the incremental borrowing rate implicit in the lease.

Lease payments on properties exclude service fees for maintenance, cleaning and other costs as these costs are separated as non-lease components. However, the Group has elected not to separate lease and non-lease components for leases of vehicles, office and IT equipment.

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering the lease, less any lease incentives received.

Leased assets are depreciated on a straight-line basis over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

- ROU properties
- ROU office equipment
- ROU vehicles
- ROU IT equipment

Estimated useful lives of right-of-use assets are determined on the same basis as those of plant, machinery and leasehold improvements.

The right-of-use asset is also periodically assessed for impairment losses and adjusted for certain remeasurements of the lease liability.

The Group does not apply the practical expedients for short-term leases and leases for which the assets are of low value.

i) Presentation and disclosure

Depreciation on right-of-use assets is included as part of “Depreciation expense” account in the consolidated statement of comprehensive income, and interest expense on lease liabilities is included as part of “Finance costs on lease liabilities” account in the consolidated statement of comprehensive income.

Right-of-use assets are disclosed separately on the consolidated statement of financial position, with Note 13(a) disaggregating the lease assets by class of asset. Lease liabilities are presented as current and non-current in the consolidated statement of financial position depending on the timing of the settlement of contractual cash outflows.

The repayment of the principal portion of lease payments is presented as part of financing activities in the consolidated statement of cash flows, and the interest portion is presented as part of operating activities.

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13. Leases (continued)

Critical accounting estimate and judgement

Determining the lease term of contracts with renewal and termination options – Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

14. Payables

	2021 $'000	2020 $'000
Trade payables	7,599	4,794
Accrued payables	15,847	12,779
Other payables	13,778	6,650
Total payables	**37,224**	**24,223**

Significant accounting policies

Trade payables

Trade payables are initially recognised at their fair value and subsequently carried at amortised cost and are not discounted. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are paid in accordance with vendor terms, which are usually within 30 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

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15. Other operating provisions

	2021 $'000	2020 $'000
Current		
Onerous contract provisions	1,652	417
Restructuring provisions	-	484
Other	108	280
	1,760	**1,181**
Non-current		
Make good provisions	457	-
	457	
Reconciliation of other operating provisions		
Carrying amount at beginning of year	1,181	1,211
Net provisions/(payments) made during the year	1,036	(30)
Carrying amount at end of year	**2,217**	**1,181**

The movement in operating provisions during the year was largely driven by a contract that the Group has considered onerous due to the nature of the activities involved and the costs of fulfilling or exiting the contract.

Significant accounting policies

Provisions

Provisions are recognised when the consolidated entity 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.

Section D: People

This section provides information about our employee benefit obligations, including annual leave, long service leave and post-employment benefits. It also includes details about our share plans and the compensation paid to key management personnel.

16. Employee benefits

	2021 $'000	2020 $'000
Current employee benefits[1]	14,592	14,374
Non-current employee benefits[2]	66	170
Total employee benefits liability	**14,658**	**14,544**

(1): Included within current provisions in the consolidated statement of financial position.
(2): Included within non-current provisions in the consolidated statement of financial position.

Employee Benefits Liability

Employee benefits liability represents amounts provided for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. These amounts are presented as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2021 $'000	2020 $'000
Current leave obligations expected to be settled after 12 months	1,765	2,212

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

(a) Directors' and executives' compensation

	2021 $	2020 $
Short term employment benefits	3,906,967	3,823,007
Post-employment benefits	167,422	171,750
Share-based payments	1,210,118	896,658
	5,284,508	**4,891,415**

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 28.

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16. Employee benefits (continued)

Significant accounting policies

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, long service leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts based on remuneration rates that are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected further payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

Retirement benefit obligations

The consolidated entity makes superannuation and pension contributions to the employee's defined contribution plan of choice in respect of employee services rendered during the year. These contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation and pension guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation and pension guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the consolidated statement of financial position.

Bonus plan

The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment or review letter and the amount can be reliably measured.

Termination benefits

The Group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid and are presented as current liabilities in the consolidated statement of financial position. All other termination benefits are accounted for on the same basis as other long-term employee benefits and are presented as non-current liabilities in the consolidated statement of financial position.

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17. Share-based payments

(a) Employee Share Plan

The Employee Share Plan (ESP) is available to all eligible employees each year to acquire ordinary shares in the Company from future remuneration (before tax). Shares to be issued or transferred under the ESP will be valued at the volume-weighted average price of the Company's shares traded on the Australian Securities Exchange during the five business days immediately preceding the day the shares are issued or transferred. Shares issued under the ESP are not allowed to be sold, transferred or otherwise disposed of until the earlier of the end of an initial three-year period, or the participant ceasing continuing employment with the Company.

Details of the movement in employee shares under the ESP are as follows:

	2021 No. of Shares	2020 No. of Shares
Number of shares at beginning of year	58,860	115,792
Number of shares transferred to main share registry and/or disposed of	(32,060)	(56,932)
Number of shares at year end	**26,800**	**58,860**

There were no shares issued under the ESP for FY2020 and FY2021 nor there were any amounts of consideration provided by eligible participants at the consolidated statement of financial position date on both years.

The market value of the Company's ordinary shares closed at $6.21 on 30 June 2021 ($2.91 on 30 June 2020).

(b) Employee Performance Rights Plan

The Employee Performance Rights Plan (the Rights Plan) was approved by shareholders at the Company's AGM on 23 November 2017 and was re-adopted at the Company's AGM on 26 November 2020. Under the Plan, awards are made to eligible executives and other management personnel who have an impact on the Group's performance. Plan awards for long-term incentives ("LTI") are granted in the form of performance rights over shares which vest over a period of three years subject to meeting performance measures and continuous employment with the Company. Plan awards for deferred short-term incentives ("STI") are deferred for a two-year period of which the employee must remain employed, following the achievement of annual financial and non-financial performance measures. Each performance right is to subscribe for one ordinary share upon vesting and, when issued, the shares will rank equally with other shares.

Performance rights issued under the Employee Performance Rights Plan are valued on the same basis as those issued to KMP, which is described in Note 17(d).

Performance rights issued and outstanding as at 30 June 2021

Grant date	Vesting date	Type	Fair value per right $	No. of rights at 01/07/2020	Rights granted	Rights vested, forfeited or other	No. of rights at 30/06/2021
2 Jul 2017	31 Aug 2020[1],[2]	LTI	3.815	345,494	83,243	(428,737)	-
2 Jul 2018	31 Aug 2021[1],[3]	LTI	3.01	480,079	-	(31,238)	448,841
2 Sep 2019	30 Jun 2022	STI	3.11	87,218	-	(8,834)	78,384
2 Sep 2019	30 Jun 2022	LTI	2.83	489,306	-	(25,718)	463,588
1 Jul 2020	30 Jun 2023[4]	STI		-	448,501	-	448,501
1 Jul 2020	30 Jun 2023	LTI		-	239,313	-	239,313
Total				**1,402,097**	**687,814**	**(411,284)**	**1,678,627**

(1): The vesting date for rights granted on 2 July 2017 and 2 July 2018 is the date on which the Board notifies the executive that the rights have vested, after the outcomes for the measurement period have been determined and satisfaction of performance conditions have been assessed.

(2): Performance rights in relation to EPSa CAGR measure exceeded the required performance measurement hurdles and vested on an accelerated basis paying 150% of the entitlement on 31 August 2020. Performance rights associated with the TSR hurdle did not meet the market conditions. A total of 259,122 rights vested on the vesting date.

(3): Performance rights in relation to EPSa CAGR and TSR measures have exceeded the required measurement hurdles and will vest on an accelerated basis paying 150% of the entitlement on 31 August 2021. Additional rights of 224,427 are expected to vest on the vesting date.

(4): Majority of the performance rights in relation to the Enhanced STI Plan granted on 1 July 2020 have exceeded the required measurement hurdles, allowing an accelerated basis paying up to 135% of the entitlement on 30 June 2023. Additional rights of 148,771 are expected to vest on the vesting date.

17. Share-based payments (continued)

Performance rights issued and outstanding as at 30 June 2020

Grant date	Vesting date	Type	Fair value per right $	No. of rights at 01/07/2019	Rights granted	Rights vested, forfeited or other	No. of rights at 30/06/2020
2 Jul 2017	31 Aug 2020[1] [2]	LTI	3.815	355,316	-	(9,822)	345,494
2 Jul 2018	31 Aug 2021[1]	LTI	3.01	530,652	-	(50,573)	480,079
2 Sep 2019	30 Jun 2022	STI	3.11	-	95,451	(8,233)	87,218
2 Sep 2019	30 Jun 2022	LTI	2.83	-	540,007	(50,701)	489,306
Total				**885,968**	**635,458**	**(119,329)**	**1,402,097**

(1): The vesting date for rights granted on 2 July 2017 and 2 July 2018 is the date on which the Board notifies the executive that the rights have vested, after the outcomes for the measurement period have been determined and satisfaction of performance conditions have been assessed.

(2): Performance rights in relation to EPSa CAGR measure exceeded the required performance measurement hurdles and vested on an accelerated basis paying 150% of the entitlement on 31 August 2020. Performance rights associated with the TSR hurdle did not meet the market conditions. A total of 259,122 rights vested on the vesting date.

The weighted average contractual life of outstanding performance rights at the end of the financial year is 1.25 years (2020: 1.26 years).

(c) Employee Share Option Plan

The Employee Share Option Plan (the Option Plan) was approved by shareholders at the Company's AGM on 9 November 2001 and reaffirmed at the AGM on 24 November 2011. Under the Plan, awards are made to eligible executives and other management personnel who have an impact on the Group's performance. Plan awards are delivered in the form of options over shares which vest over a period of three years subject to meeting performance measures and continuous employment with the Company. Each option is to subscribe for one ordinary share when the option is exercised and, when issued, the shares will rank equally with other shares.

Unless the terms on which an option was offered specified otherwise, an option may be exercised at any time after the vesting date on satisfaction of the relevant performance criteria.

Options issued under the Employee Share Option Plan are valued on the same basis as those issued to KMP, which is described in Note 17(d).

There were no new options issued under the Option Plan during the 30 June 2021 and 30 June 2020 financial years, as the Option Plan was replaced with the Rights Plan as described in Note 17(b).

Movement of options during the year ended 30 June 2021:

Grant Date	Vesting Date	Expiry Date	Exercise Price $	No. of Options at Beg. of Year	Options Exercised, Lapsed or Other	No. of Options at End of Year
2 Jul 2015	2 Jul 2018	2 Apr 2021[2]	2.67	885,000	(885,000)[1]	-
Total				**885,000**	**(885,000)**	**-**
Weighted average exercise price					**$2.67**	**-**

(1): 885,000 options were exercised on various dates during the current financial year.

(2): The original expiry date for this tranche of options was 2 July 2020. However, due to the COVID-19 pandemic impact on financial markets, the Board exercised its discretion to extend the expiry date for the remaining options to 2 April 2021.

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17. Share-based payments (continued)

Movement of options during the year ended 30 June 2020:

Grant Date	Vesting Date	Expiry Date	Exercise Price $	No. of Options at Beg. of Year	Options Exercised, Lapsed or Other	No. of Options at End of Year
2 Jul 2014	2 Jul 2017	2 Jul 2019	1.30	265,000	(265,000)	-
2 Jul 2015	2 Jul 2018	2 Apr 2021[1]	2.67	925,000	(40,000)	885,000
22 Dec 2016	31 Aug 2019	22 Dec 2021	3.59	1,323,730	(1,323,730)	-
Total				**2,513,730**	**(1,628,730)**	**885,000**
Weighted average exercise price					**$1.48**	**$2.05**

(1): The original expiry date for this tranche of options was 2 July 2020. However, due to the COVID-19 pandemic impact on financial markets, the Board exercised its discretion to extend the expiry date for the remaining options to 2 April 2021.

The weighted average fair value of options granted during the year was nil (2020: nil) as there were none issued during the year.

The weighted average share price for share options exercised during the financial year was $4.84 (2020: $3.86).

All outstanding share options have been exercised and as such the weighted average remaining contractual life for the share options as at the end of the financial year is nil (2020: 0.58 years).

(d) Fair value of performance rights granted

The fair value of Total Shareholder Return ("TSR") performance rights at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the term of the performance rights, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the performance rights and the correlations and volatilities of the peer group companies.

The fair value of Earnings Per Share ("EPS") and short-term incentive deferred equity ("STI") performance rights at grant date is independently determined using a conventional Black Scholes Model.

Details of the assessed fair value of the performance rights as well as the model inputs for rights granted, during the year ended 30 June 2021 and for the prior year 30 June 2020, are presented below:

	2021	2020
Grant date	1 July 2020	2 September 2019
Expected vesting date	30 June 2023	30 June 2022
Measurement period	1 July 2020 to 30 June 2023	1 July 2019 to 30 June 2022
Fair value of performance rights granted – EPS rights	$2.70	$3.11
Fair value of performance rights granted – TSR rights	$2.84	$2.55
Fair value of performance rights granted – STI rights	$2.70	$3.11
Share price at grant date	$2.90	$3.28
Expected price volatility of the company's shares	30%	35%
Expected dividend yield	2.32%	1.88%
Risk-free interest rate	0.26%	0.69%

The expected price volatility is based on the historic volatility (based on the life of the performance rights), adjusted for any expected changes to future volatility due to publicly available information.

(e) Expenses arising from share-based payment transactions

	Note	2021 $	2020 $
Rights issued under employee performance rights plan FY18		-	431,479
Rights issued under employee performance rights plan FY19		1,301,080	476,301
Rights issued under employee performance rights plan FY20		507,720	564,820
Rights issued under employee performance rights plan FY21		758,509	-
	8(a), 22(b)	**2,567,309**	**1,472,600**

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17. Share-based payments (continued)

Significant accounting policies

Share-based payments

The Group operates equity-settled share-based payment employee share, options and rights schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The fair value of shares is measured at the market bid price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of options and rights expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

Share-based payments are subject to two different forms of measurement:

- Market-based
- Non-market-based

These measurement criteria are subject to different accounting treatments under AASB 2 *Share-based Payment*.

Market-based measurement
Any awards subject to market conditions will vest irrespective of the condition being met. Where a condition is not met, the expense associated with the award will continue to be recognised over the vesting period.

Non-market-based measurement
For any non-market-based awards where the condition is not satisfied, the expense incurred to date is reversed and no further charge is recognised over the remaining period.

Critical accounting estimate and judgement

Share-based payments

The fair value of options and rights is estimated on the grant date using an adjusted form of the Black Scholes Model and Monte Carlo simulation model. Estimating fair value for share-based payments requires significant assumptions such as determining the most appropriate inputs to the valuation model, including the expected life of the share option or performance right, volatility in the share price and dividend yield.

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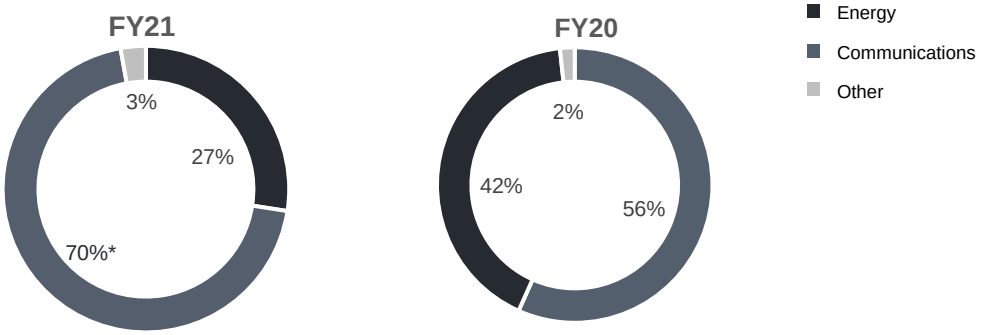
Section E: Capital and Financial Risk Management

This section explains our policies and procedures applied to manage our financing and capital structure, and the associated risks that we are exposed to. The Group manages its financial and capital structure to maximise shareholder return, maintain an optimal cost of capital and provide flexibility for strategic investments.

18. Financial risk management

The Group is exposed to a variety of financial risks, principally related to credit, liquidity, interest rate and foreign currency risk. The Group's risk management framework is aligned with best practices and designed to reduce volatility on our financial performance and to support the delivery of our business objectives. The Board has overall responsibility for identifying and monitoring operational and financial risks.

(a) Credit risk

Nature of risk	The risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from customers and our investments in debt securities.
Exposure to the risk	The Group's maximum exposure to credit risk at balance date is the carrying amount of financial assets, net of any provisions for impairment and excluding the value of any collateral or other security. The gross trade receivables balance as at 30 June 2021 was $75,942,000 (2020: $48,336,000). The ageing analysis of trade and other receivables is provided in Note 9. As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are past due but not impaired, are expected to be received. The Group's exposure to credit risk is affected by the regions and industries our customers operate in. Set out below shows the concentration of our trade receivables balances by the industry they operate in.  *In FY2021, owing to the signing of the deal with Telefonica, $20.1 million is currently outstanding which will be collected in December 2021. If this balance did not exist, the mix of credit risk would be similar to the prior financial year.
How is the risk managed?	Receivables are managed on an ongoing basis. The Group does not have any material credit risk exposure to any single debtor or group of debtors. Ageing analysis and ongoing collectability reviews are performed and, where appropriate, an expected credit loss provision is raised. Historically, the Group has not had any significant write-offs in our trade receivables. The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. Credit quality of a customer is assessed based on a variety of factors, including their credit ratings and financial position.

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18. Financial risk management (continued)

(b) Liquidity risk

Nature of risk	The risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.
Exposure to the risk	The table below categorises the Group's financial liabilities into their relevant contractual maturities. Amounts included represent undiscounted cash flows. Note 19 provides additional details on the Group's borrowing arrangements.
How is the risk managed?	The Group's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group reviews its minimum levels of cash and cash equivalents on an ongoing basis, and closely monitors rolling cash flow forecasts based on its view on the nature and timing of expected receipts and payments. The Group has historically been able to generate and retain strong positive cash flows. Additionally, multi-currency borrowing facilities have been arranged with the Group's financiers to provide increased capacity for strategic growth objectives.

Contractual maturities of financial liabilities:

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 30 June 2021 and 2020.

		Contractual cash flows $'000					
Financial liabilities	**Note**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-3 years**	**> 3 years**	**Total carrying amount**
2021							
Trade and other payables	14	37,224	-	-	-	-	37,224
Lease liabilities[1]	13(d),23	3,233	3,068	5,390	3,225	4,600	19,516
Secured borrowings[2]	19	-	118,762	-	-	-	118,762
		40,457	**121,830**	**5,390**	**3,225**	**4,600**	**175,502**
2020							
Trade and other payables	14	24,223	-	-	-	-	24,223
Bank overdraft	19	591	-	-	-	-	591
Lease liabilities[1]	13(d),23	3,266	2,745	5,200	4,646	6,959	22,816
Secured borrowings	19	-	-	160,394	-	-	160,394
		28,080	**2,745**	**165,594**	**4,646**	**6,959**	**208,024**

(1): Lease liabilities are recognised and disclosed at present value in accordance with AASB 16 and the Group accounting policy.
(2): As at 4 August 2021, the loan facility has been extended to 1 September 2023. The contractual cash flows as at that date would be due within 2-3 years.

(c) Interest rate risk

Nature of risk	The risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.
Exposure to the risk	The Group's main exposure to interest rate risk arises from its lease liabilities, borrowings and cash and cash equivalents. No other financial assets or liabilities are expected to be exposed to interest rate risk. The weighted average variable interest rate across all our borrowings at 30 June 2021 is 2.20% (2020: 3.46%). If the interest rate were to increase or decrease by 1%, with all other variables held constant, the impact to pre-tax profit is $1,610,000 (2020: $2,064,000) and the impact to post-tax equity[1] is $1,158,000 (2020: $1,482,000). This impact is based on a lower level of interest rates during the financial year compared to the prior year. [1] Post-tax equity is calculated as the net of the blended effective tax rate on pre-tax profit based on where the interest-bearing debt is located (i.e., Australia and Canada) and the prevailing corporate tax rate in each of those jurisdictions (i.e., 30% and 26.5% respectively).
How is the risk managed?	The Group ensures it has access to diverse sources of funding, including access to foreign currency debt. The Group closely monitors its debt ratios to reduce its risk exposure to uncertainty in the global markets if interest rates will fall or rise. Management is comfortable with the risk associated with using variable interest rates due to the current level of borrowings.

18. Financial risk management (continued)

(d) Foreign currency risk

Nature of risk

The risk that the fair value or future cash flows of a financial instrument or forecasted transaction will fluctuate because of changes in foreign exchange rates.

Exposure to the risk

The Group operates internationally and as such has exposure to foreign currency movements. The Group has expanded its international operations substantially in recent years to the extent that in excess of 83% of its revenue is now earned in foreign currency designated transactions. The Group has a number of offices located internationally and more than 88% of its work force is located overseas and paid in foreign currencies.

Changes in foreign currency exchange rates would be limited to the revaluation of foreign currency denominated borrowings, intercompany financing arrangements denominated in foreign currencies, and foreign currency bank balances in the Group at market rates at consolidated statement of financial position date.

The Group's primary foreign currency exposure relates to the movement in US Dollar (USD), British Pound (GBP), Canadian Dollar (CAD) and Euro (EUR) exchange rates. At the reporting date, cash and cash equivalents included $48.1 million (2020: $38.4 million) denominated in foreign currencies.

If the foreign currency exchange rate for our primary foreign currencies (being USD, GBP, CAD and EUR) were to move by 10%, with all other variables held constant, the impact to our foreign currency translation reserves (classified as equity in the consolidated statement of financial position) on translation of our foreign currency-denominated cash and cash equivalents is as follows:

Increase/(decrease)

$'000

	USD		GBP		CAD		EUR	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
+10%	1,788	1,679	438	531	255	-	1,317	700
-10%	(1,788)	(1,679)	(438)	(531)	(255)	-	(1,317)	(700)

The Group's exposure to foreign currency changes for all other currencies and other financial statement items is not material, as the Group has natural hedging and designated hedging relationships in place (refer to "How is the risk managed?" for a further explanation).

How is the risk managed?

The Group manages its foreign currency risk by evaluating its exposure to fluctuations on an ongoing basis.

The Group's overseas subsidiaries transact in different functional currencies. The effects of any exchange rate movements in respect of the net assets of our foreign subsidiaries are recognised in the foreign currency translation reserve in equity. Accordingly, the Group has an in-built natural hedge against major currency fluctuations and, except for significant sudden change, is protected in part by its corporate structure against currency movements so that the impact is largely limited to the margin.

In addition, the Group holds foreign currency borrowings as part of the syndicated facility agreement as disclosed in Note 19, which have been designated as hedging instruments of the net assets of some of the Group's principal overseas subsidiaries in order to offset our risk exposure arising from the translation of these subsidiaries into Australian dollars. There is no impact to the profit or loss on the translation of the Group's overseas subsidiaries or foreign currency borrowings to the Australian dollar.

The Group's subsidiaries also enter into various financing and transactional arrangements with each other in accordance with local regulatory requirements. The Group regularly reviews these arrangements to minimise its exposure on the translation of outstanding foreign currency-denominated intercompany balances to the Australian dollar, which impact profit.

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18. Financial risk management (continued)

Significant accounting policies

Functional and presentation currency

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

Foreign currency transactions and balances

Transactions in foreign currencies of entities within the consolidated Group are translated into its functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are recognised in profit or loss and presented in the consolidated statement of comprehensive income for the financial year.

(e) Fair value measurements

Due to their short-term nature, the fair value of receivables and payables approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. At 30 June 2021 and 30 June 2020, there are no assets or liabilities carried at fair value on a recurring basis.

19. Borrowings

	2021 $'000	2020 $'000
Current		
Secured		
Bank overdraft	-	591
Term facility – gross borrowings	118,762	-
Term facility – net prepaid borrowing costs	(1,255)	-
	117,507	**591**
Non-current		
Secured		
Term facility – gross borrowings	-	160,394
Term facility – net prepaid borrowing costs	-	(2,542)
	-	**157,852**

(a) Loan facilities

	2021 $'000	2020 $'000
Loan facility at 1 July	217,000	225,000
Voluntary cancellation of the facility	(40,000)	-
Repayments of non-withdrawable facility	(24,907)	(8,000)
Amount utilised	(118,762)	(160,394)
Unutilised loan facility at 30 June	**33,331**	**56,606**

At the beginning of the year, the Group had a $217,000,000 syndicated multi-currency facility with its external financiers, which was used to fund the acquisition of Sigma Systems in June 2019. The facility also provides additional funding for general corporate and working capital purposes. The facility is secured by 75% of Group assets. On 27 July 2020, the Group voluntarily cancelled $40,000,000 of the facility effective 30 July 2020. As at 30 June 2021, the remaining unutilised portion of the facility is $33,331,000.

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19. Borrowings (continued)

(a) Loan facilities (continued)

On 4 August 2021, the existing syndicated facility was amended to have a new expiry date of 1 September 2023 (original expiry date was 1 May 2022). As at 4 August 2021, the borrowings are classified as non-current. As per the amendment, the facility limit is now $151,323,000 and a renegotiated margin pricing grid has delivered a favourable outcome for the Group. Refer to Note 29 (a).

(b) Changes in liabilities arising from financing activities

	Note	2021 $'000	2020 $'000
Opening balance at 1 July		158,443	185,808
Cash flows from financing activities			
Net repayment of borrowings		(41,673)	(27,833)
Cash flows from non-financing activities			
Net (repayment of)/draw-down of overdraft facility		(591)	457
Prepaid borrowing costs		(279)	-
Non-cash changes			
Amortisation of prepaid borrowing costs	5	1,566	1,327
Effect of foreign exchange		41	(1,316)
Closing balance at 30 June[(1)]		**117,507**	**158,443**

(1): Represents long-term facility borrowings of $152,093,000 (2020: $217,000,000).

(c) Hedge of net investments in foreign operations

Included in the "Borrowings" account at the beginning of the financial year are two borrowings of USD 4,500,000 and GBP 8,500,000 drawn down as part of the syndicated multi-currency facility. Repayments have been made during the year and as at 30 June 2021, the carrying amount of these borrowings are USD nil and GBP 2,500,000.

Both of these foreign currency-denominated borrowings have been designated as a hedge of the net investments in the Group's subsidiaries in the United States and the United Kingdom. The borrowings are being used to hedge the Group's exposure to the USD and GBP foreign exchange risk on these investments. Gains or losses on the retranslation of the borrowings are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries.

The Group's hedging relationship remains unchanged from prior year for its foreign-currency denominated borrowings.

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

		Syndicated debt facility '000		
	Note	USD loan	GBP loan	Total
Carrying amount of the loan – 30 June 2021 (AUD)		-	4,589	4,589
Carrying amount of the loan – 30 June 2021 (nominated currency)		-	2,500	
Hedge ratio[(1)]		1:1	1:1	
Change in the carrying amount of loan as a result of foreign currency movements since 1 July 2020, recognised in OCI ($)	22(a)	(598)	170	(428)
Change in the value of the hedged item used to determine hedge effectiveness ($)		598	(170)	428
Average hedged rate for the year (local currency:1 AUD)		0.735	0.552	
				4,589

(1): The draw-down loans under the syndicated debt facilities are denominated in the same currency and critical terms as the value of the net investment in the foreign subsidiaries that are being hedged. Therefore, the hedge ratio this year is 1:1 (2020: 1:1).

The impact to the foreign currency translation reserve on translation of the Group's net investment in foreign subsidiaries that are being hedged by the Group's borrowings was an increase of $428,000 (2020: decrease of $802,000). The hedging income or loss recognised in "OCI" (Other Comprehensive Income) before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness in the years ended 30 June 2021 and 2020.

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19. Borrowings (continued)

Significant accounting policies

Loans and borrowings

Interest-bearing loans and borrowings are initially recognised as financial liabilities at fair value net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Borrowings are classified as non-current liabilities except for those that mature in less than 12 months from the reporting date, which are classified as current liabilities, unless the borrower has the discretion to refinance or rollover the borrowings.

Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method and finance charges in respect of finance leases. Borrowing costs are expensed as incurred except for borrowing costs incurred as part of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

20. Contributed capital

(a) Issued and paid-up capital

	2021 $'000	2020 $'000
Ordinary shares, fully paid	**145,224**	**140,952**

The ordinary shares have no par value in accordance with the Corporations Act 2001.

(b) Movements in shares on issue

	2021 No. of Shares	2021 $'000	2020 No. of Shares	2020 $'000
Balance at beginning of the financial year	198,232,076	140,952	197,399,653	138,746
Shares issued under the dividend reinvestment program	469,341	1,909	527,423	1,754
Options exercised under the LTI Plan	885,000	2,363	305,000	452
Performance rights vested under the LTI Plan	259,122	-	-	-
Balance at end of the financial year	**199,845,539**	**145,224**	**198,232,076**	**140,952**

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt, sell assets to reduce debt or a combination of these activities.

The capital risk management policy remains unchanged from the 30 June 2020 Financial Report.

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21. Dividends

A final dividend of 5 cents per share has been declared. This final dividend of 5 cents per share, partially franked to 2.70 cents per share, was announced to the market on 24 August 2021. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Limited as at 30 June 2021.

	2021 $'000	2020 $'000
Dividends paid during the year (net of dividend re-investment)		
7 cents per share final dividend paid 25 September 2020 – partially franked[1]	12,974	-
3 cents per share final dividend paid 26 September 2019 – partially franked[2]	-	4,904
5 cents per share interim dividend paid 25 March 2021 – partially franked[3]	8,974	
3 cents per share interim dividend paid 26 March 2020 – partially franked[4]	-	5,211
	21,948	**10,115**
Proposed dividend not recognised at the end of the year	9,992	13,876
Dividends franking account		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	981	27

(1): The final dividend paid of 7 cents per share franked to 0.7 cents, comprised of a regular dividend of 5 cents per share and a special dividend of 2 cents per share.

(2): The final dividend paid of 3 cents per share franked to 2.6 cents, comprised of a regular dividend of 3 cents per share.

(3): The interim dividend of 5 cents per share franked to 1.1 cents, comprised of a regular dividend of 5 cents per share.

(4): The interim dividend of 3 cents per share franked to 1.59 cents, comprised of a regular dividend of 3 cents per share.

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

- franking credits that will arise from the payment of any current tax liability;
- franking debits that will arise from the payment of any dividends recognised as a liability at year end;
- franking credits that will arise from the receipt of any dividends recognised as receivables at year end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

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22. Reserves and retained earnings

	Note	2021 $'000	2020 $'000
Foreign currency translation reserve	22(a)	5,105	9,397
Share-based payments reserve	22(b)	7,971	5,404
Retained earnings	22(c)	130,219	96,741

(a) Foreign currency translation reserve

This reserve is used to record the exchange differences arising on translation of a foreign entity.

Movements in reserve	Note	2021 $'000	2020 $'000
Balance at 1 July		9,397	23,340
Net gain/(loss) on hedges of a net investment	19(c)	428	(802)
Exchange differences on translation of foreign operations		(4,720)	(13,141)
Balance at 30 June		**5,105**	**9,397**

(b) Share-based payments reserve

This reserve is used to record the fair value of options and performance rights issued to employees as part of their remuneration.

Movements in reserve	Note	2021 $'000	2020 $'000
Balance at 1 July		5,404	3,931
Share-based payments expensed during the year	17(e)	2,567	1,473
Balance at 30 June		**7,971**	**5,404**

(c) Retained earnings

Movements in retained earnings	Note	2021 $'000	2020 $'000
Balance at 1 July		96,741	82,853
Dividends declared during the year (before dividend re-investment)	27(c)	(23,857)	(11,869)
Net profit after income tax expense		57,335	25,757
Balance at 30 June		**130,219**	**96,741**

23. Commitments and contingencies

Commitments on leases

Lease commitments are disclosed in Note 18.

Contingent assets and liabilities

In the previous financial year, there have been various indemnity and warranty claims made to the vendors of the acquired business, Sigma Systems group of entities. The outcome of these claims has been finalised in the current financial year.

At 30 June 2021, the Group does not have any contingent assets and liabilities.

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Section F: Group Structure

This section provides information about our structure and how this impacts the Group's results as a whole, including parent entity information and any business acquisitions that impacted the Group's financial position and performance.

24. Parent entity information

Presented below are the summary financial statements of the parent Company, Hansen Technologies Limited:

(a) Summarised statement of financial position

	Parent Entity	
	2021 $'000	2020 $'000
Assets		
Current Assets	230	188
Non-current assets	223,876	232,030
Total Assets	**224,106**	**232,218**
Liabilities		
Current liabilities	32,876	876
Non-current liabilities	267	52,044
Total Liabilities	**33,143**	**52,920**
Net assets	**190,963**	**179,298**
Equity		
Share capital	145,224	140,952
Accumulated profits	39,109	34,712
Share based payments reserve	7,971	5,404
Foreign currency translation reserve	(1,341)	(1,770)
Total equity	**190,963**	**179,298**

(b) Summarised statement of comprehensive income

	Parent Entity	
	2021 $'000	2020 $'000
Profit after income tax expense	28,254	23,616
Total comprehensive income for the year	**28,681**	**22,763**

Dividends of $29,649,000 (2020: $26,183,000) were paid from Hansen Corporation Pty Limited to Hansen Technologies Limited during the financial year.

(c) Parent entity guarantees

Hansen Technologies Limited, being the parent entity, has entered into a syndicated debt facility (refer to Note 19) of which Hansen Corporation Pty Limited and other subsidiaries of the Company are joint guarantors to that facility agreement. A Deed of Parent Guarantee and Indemnity also exists between Hansen Technologies Limited and Sigma Systems Canada LP, a wholly-owned subsidiary, in favour of a financing company based in Canada for a credit card facility. In addition, there are cross guarantees given by Hansen Technologies Limited and Hansen Corporation Pty Limited as described in Note 27.

No deficiencies of assets exist in any of these companies.

24. Parent entity information (continued)

Significant accounting policies

The financial information for the parent Company has been prepared on the same basis as the Group consolidated financial statements, except as set out below:

Investments in subsidiaries

Investments in subsidiaries are accounted at cost. Dividends received from subsidiaries are recognised in the parent entity's statement of comprehensive income when its right to receive the dividend is established.

Where the parent Company has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair value of these guarantees is accounted for as contributions and recognised as part of the cost of the investment.

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Section G: Other disclosures

This section includes other disclosures not included in the other sections, for example the Group's auditor's remuneration, related parties, impact of new accounting standards not yet effective and subsequent events.

25. Related party disclosures

(a) List of controlled entities

The Group's consolidated financial statements include the financial statements of Hansen Technologies Limited and the controlled entities below:

		Ordinary Share Entity Interest	
		2021	2020
Name	**Country of Incorporation**	**%**	**%**
Parent entity			
Hansen Technologies Limited	Australia		
Subsidiaries of Hansen Technologies Limited			
Hansen Corporation Pty Limited	Australia	100	100
Hansen Corporation Investments Pty Limited	Australia	100	100
Hansen Holdings (Asia) Pty Limited	Australia	100	100
Utilisoft Pty Limited	Australia	100	100
Hansen Technologies (Shanghai) Company Limited	China	100	100
Hansen Technologies Denmark A/S	Denmark	100	100
Hansen Technologies CIS Finland Oy *(fka. Enoro CIS Finland Oy)*	Finland	100	100
Hansen Technologies Finland Oy *(fka. Enoro Oy)*	Finland	100	100
PEP Finland Oy	Finland	100	100
Enercube Oy Finland Filial	Finland	100	100
Hansen Customer Support India Private Limited	India	100	100
Enoro B.V.	Netherlands	100	100
Hansen New Zealand Limited	New Zealand	100	100
Hansen Technologies Holdings AS *(fka. Enoro Holding AS)*	Norway	100	100
Hansen Technologies Norway AS *(fka. Enoro AS)*	Norway	100	100
Hansen Technologies Sweden AB *(fka. Enoro AB)*	Sweden	100	100
Enoro AG	Switzerland	100	100
Hansen Corporation Europe Limited	United Kingdom	100	100
Hansen Holdings Europe Limited	United Kingdom	100	100
Hansen Billing Solutions Limited	United Kingdom	100	100
Hansen Operations, LLC	United States	100	100
Hansen Solutions LLC	United States	100	100
Hansen Technologies North America, Inc.	United States	100	100
Hansen ICC, LLC	United States	100	100
Hansen Banner, LLC	United States	100	100
Peace Software Inc.	United States	100	100
Hansen Technologies Vietnam LLC	Vietnam	100	100
Hansen Technologies Canada, Inc.	Canada	100	100
Sigma Systems Canada Inc. (1)	Canada	-	100
Sigma Systems Canada LP	Canada	100	100
Sigma Canada Holdings Inc.	Canada	100	100
Sigma Systems GP Inc.	Canada	100	100

(1): Sigma Systems Canada Inc. was amalgamated with Hansen Technologies Canada, Inc. on 1 November 2020.

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25. Related party disclosures (continued)

Name	Country of Incorporation	Ordinary Share Entity Interest 2021 %	Ordinary Share Entity Interest 2020 %
Subsidiaries of Hansen Technologies Limited (cont.)			
Sigma OSS Systems India Private Limited	India	100	100
Sigma Systems Japan K.K.	Japan	100	100
Sigma Systems (U.K.) Limited	United Kingdom	100	100
Sigma Systems (Wales) Limited	United Kingdom	100	100
Sigma Systems Group (USA) Inc.	United States	100	100

Significant accounting policies

Foreign subsidiaries

Subsidiaries that have a functional currency different to the presentation currency of the Group 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 actual exchange rates or average exchange rates for the period, where appropriate; and
- all resulting exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity in the consolidated statement of financial position.

Exchange differences arising on the reduction of a foreign subsidiary's equity continues to be recognised in the Group's foreign currency translation reserve until such time that the foreign subsidiary is disposed of.

(b) Transactions with key management personnel of the entity or its parent and their personally related entities

The terms and conditions of the transactions with Directors and their Director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director-related entities on an arm's length basis.

The following table provides the total amount of transactions that were entered into with related parties in respect of leased premises and revenue contracts for the relevant financial year:

	2021 $	2020 $
Leased premises		
A related party to the Directors[(1)] - rental payments	1,536,126	1,511,495
A related party, Andrew Hansen – rental payments	84,294	22,920
	1,620,420	**1,534,415**

(1) Andrew Hansen, Bruce Adams and David Osborne have joint interest to the Melbourne and South Melbourne properties of which the Group pays monthly rental payments.

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26. Auditor's remuneration

The auditor of the Group for the year ended 30 June 2021 is RSM Australia Partners.

	2021 $	2020 $
(a) Amounts paid and payable to RSM Australia Partners for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entity in the consolidated entity	284,694	298,200
(ii) Other non-audit services		
– taxation services	-	-
– compliance services	3,609	-
	3,609	-
Total remuneration of RSM Australia Partners	288,303	298,200
(b) Amounts paid and payable to related practices of RSM Australia Partners for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the overseas entities in the consolidated entity[1]	507,826	597,478
(ii) Other non-audit services		
– taxation services	135,468	110,275
– compliance services	78,817	31,420
	214,285	141,695
Total remuneration of network firms of the auditor	722,111	739,173
(c) Amounts paid and payable to non-related auditors for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entities in the consolidated entity	11,537	-
(ii) Other non-audit services		
– taxation services	2,116	-
– compliance services	-	-
	2,116	-
Total remuneration of non-related auditors	13,653	-
Total auditors' remuneration	**1,024,067**	**1,037,373**

(1) For the financial year ended 30 June 2020, the amount includes fees associated to the audit of the acquisition of the Sigma Group.

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27. Deed of cross guarantee

Hansen Technologies Limited and Hansen Corporation Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Hansen Technologies Limited, they also represent the 'extended closed group'.

(a) Consolidated statement of comprehensive income

Set out below is a consolidated statement of comprehensive income for the year ended 30 June 2021 of the closed group consisting of Hansen Technologies Limited and Hansen Corporation Pty Limited ("the Closed Group").

	Note	2021 $'000	2020 $'000
Revenue		48,068	43,934
Other income		44,794	32,834
Total revenue and other income		**92,862**	**76,768**
Employee benefit expenses		(26,754)	(26,446)
Depreciation expense		(1,861)	(2,095)
Amortisation expense		(3,976)	(3,110)
Property and operating rental expenses		(1,473)	(1,645)
Contractor and consultant expenses		-	(27)
Software licence expenses		(1,191)	(1,740)
Hardware and software expenses		(5,759)	(4,347)
Travel expenses		(71)	(846)
Communication expenses		(417)	(487)
Professional expenses		(1,782)	(628)
Finance costs on borrowings		(2,362)	(4,022)
Finance costs on lease liabilities		(139)	(169)
Foreign currency gains/(losses)		162	(414)
Other expenses		(1,399)	(1,263)
Total expenses		**(47,022)**	**(47,239)**
Profit before income tax expense		**45,840**	**29,529**
Income tax expense		(4,295)	(1,750)
Profit after income tax expense	27(c)	**41,545**	**27,779**
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit and loss			
Net gain/(loss) on hedges of net investments		428	(802)
Exchange differences on translation of foreign entities, net of tax		-	(801)
Other comprehensive income/(expense) for the year		428	(1,603)
Total comprehensive income for the year		**41,973**	**26,176**

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27. Deed of cross guarantee (continued)

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2021 of the Closed Group:

	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	2,779	2,829
Receivables	7,768	5,522
Accrued revenue	2,899	1,283
Current tax asset	2,905	530
Other current assets	-	2,528
Total current assets	16,351	12,692
Non-current assets		
Plant, equipment & leasehold improvements	5,869	2,993
Intangible assets	25,228	25,686
Right-of-use assets	2,967	3,826
Other non-current assets	222,194	214,393
Deferred tax assets	4,526	4,148
Total non-current assets	260,784	251,046
Total assets	**277,135**	**263,738**
Current liabilities		
Payables	7,799	3,839
Borrowings	28,833	-
Lease liabilities	842	784
Current tax payable	2,269	-
Provisions	7,597	5,776
Unearned income	7,024	5,637
Total current liabilities	54,364	16,036
Non-current liabilities		
Deferred tax liabilities	4,687	4,803
Borrowings	-	51,842
Lease liabilities	2,331	3,173
Other non-current liabilities	3,016	-
Provisions	67	170
Total non-current liabilities	10,101	59,988
Total liabilities	**64,465**	**76,024**
Net assets	**212,670**	**187,714**
Equity		
Share capital	145,224	140,951
Foreign currency translation reserve	(2,126)	(2,554)
Share-based payments reserve	4,494	1,927
Retained earnings	65,078	47,390
Total equity	**212,670**	**187,714**

(c) Summary of movements in consolidated retained earnings of the Closed Group

	Note	2021 $'000	2020 $'000
Retained earnings at the beginning of the year		47,390	31,480
Profit for the year	27(a)	41,545	27,779
Dividends declared	22(c)	(23,857)	(11,869)
Retained earnings at the end of the year		**65,078**	**47,390**

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28. New and amended accounting standards and interpretations

(a) Adoption of amended accounting standards that are first operative at 30 June 2021

The Group has adopted the following new and amended accounting standards, applicable and effective for the financial year beginning 1 July 2020:

- AASB 2018-6 *Amendments to Australian Accounting Standards: Definition of a Business*
- Amendments to the Conceptual Framework
- Amendments to the definition of 'material' in AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting, Policies, Changes in Accounting Estimates and Errors*

These amendments do not have a significant impact on the financial report and therefore the disclosures have not been made.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(b) Accounting standards and interpretations issued but not operative at 30 June 2021

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board at the reporting date, which are considered relevant to the Group but are not yet effective. The Directors' assessment of the impact of these standards and interpretations is set out below:

(i) Amendments to AASB 101: *Classification of Liabilities as Current or Non-current*

These amendments revise AASB 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify (a) what is meant by a right to defer settlement; (b) that a right to defer must exist at the end of the reporting period; (c) that classification is unaffected by the likelihood that an entity will exercise its deferral right; (d) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Group's assessment performed to date

The amendments are effective for annual reporting period beginning 1 July 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

(ii) Reference to the Conceptual Framework – Amendments to AASB 3

The AASB has issued amendments to the Conceptual Framework to apply the new definition and recognition criteria to assets and liabilities, and introduces new concepts regarding the measurement, presentation and disclosure and derecognition of assets and liabilities.

Group's assessment performed to date

The amendments are effective for annual reporting period beginning 1 July 2022 and apply prospectively. The amendments to the Conceptual Framework are not expected to have a significant impact on the Group's consolidated financial statements.

(iii) Property, plant and equipment: Proceeds before intended use - Amendments to AASB 116

These amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Group's assessment performed to date

The amendment is effective for annual reporting period beginning 1 July 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

28. New and amended accounting standards and interpretations (continued)

(iv) Onerous contracts – Costs of fulfilling a contract – Amendments to AASB 137

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under contract.

Group's assessment performed to date

The amendments are effective for annual reporting periods beginning 1 July 2022 with earlier. The Group will apply these amendments to contracts for which it has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments.

(v) AASB 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Group's assessment performed to date

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

29. Subsequent events

(a) Loan facility extension

On 4 August 2021, the existing syndicated facility was amended to have a new expiry date of 1 September 2023 (original expiry date was 1 May 2022). As per the amendment, the facility limit is now $151,323,000 and a renegotiated margin pricing grid has delivered a favourable outcome for the Group (Note 19 (a)).

(b) Dividends

The Directors resolved to pay a final dividend of 5 cents per share (franked to 2.70 cents), comprising of a regular dividend of 5 cents per share to be paid on 21 September 2021 (Note 21).

(c) Proposal from BGH

As announced to the market on 7 June 2021, the Group has received a non-binding conditional proposal from BGH Capital Pty Ltd ("BGH Capital") to acquire 100% of the outstanding shares in Hansen by way of a Scheme of Arrangement. Hansen due diligence materials have been made available to BGH Capital via a Virtual Data Room. The parties have agreed that due diligence has commenced with the Virtual Data Room suitably populated and unless extended, the Exclusivity Period will end on the 25 August 2021. At the date of signing, the bid remains active.

Apart from the above, there has been no other matter or circumstance which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2021, of the Group; or

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 30 June 2021, of the Group.

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DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 31 to 87, in accordance with the Corporations Act 2001:

(a) comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

(b) as stated in Note 1(a), the consolidated financial statements of the Group also comply with International Financial Reporting Standards; and

(c) give a true and fair view of the financial position of the consolidated entity as at 30 June 2021 and of its performance for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Hansen Technologies Limited will be able to pay its debts as and when they become due and payable.

At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 27.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

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





David Trude

Director

Andrew Hansen

Director

Melbourne

24 August 2021

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RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Members of Hansen Technologies Limited

Opinion

We have audited the financial report of Hansen Technologies Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of 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 financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) 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 are independent of the Group 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* (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.

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

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 3 in the financial statements	
Revenue recognition was considered a key audit matter, as it is complex and involves significant management judgements. The Group's revenue is primarily derived from the provision of billing solution services to customers, maintenance and support, and licences. Revenue determined for some of the service contracts is based on stage of completion, calculated on the proportion of total costs incurred at the reporting date compared to management's estimation of the total costs of the contract.	Our audit procedures in relation to the recognition of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards; • Evaluating and testing the operating effectiveness of management's controls related to revenue recognition; • Performing substantive analytical procedures over key revenue streams; • For a sample of revenue transactions, substantiating transactions by agreeing to supporting documentation, including contracts with customers; • For a sample of revenue transactions that were recognised on a percentage of completion basis, our testing included: – Agreeing the contract price and variations to customer contracts; – Assessing management's estimate of costs to complete; and – Assessing whether the project was within budgeted margin. • Reviewing sales transactions before and after year-end to ensure that revenue was recognised in the correct period; and • Reviewing large or unusual transactions during the financial year.

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Key Audit Matters (continued)

Impairment of Intangible Assets Refer to Note 12 in the financial statements	
The Group has net book value goodwill of $217 million in respect of acquisitions of subsidiaries as at 30 June 2021. We identified this area as a Key Audit Matter due to the size of the goodwill balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves significant judgements about the future underlying cash flows of the business, discount rates and terminal growth applied. For the year ended 30 June 2021 management have performed an impairment assessment over the goodwill balance by: • calculating the value in use for the CGU using a discounted cash flow model. The model used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years, with a terminal growth rate applied to the 5th year. The cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and • comparing the resulting value in use of the CGU to its respective book value. Management also performed a sensitivity analysis over the value in use calculations, by varying the WACC and other assumptions.	Our audit procedures in relation to management's impairment assessment involved the assistance of our Corporate Finance team where required, and included: • Assessing management's determination that the goodwill should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions, including the cash flow projections, exchange rates, discount rates, and sensitivities used; and • Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 the 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 financial report that gives a true and fair view and is free from material 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 have no realistic alternative but to do so.

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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 the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Hansen Technologies Limited, for the year ended 30 June 2021, complies with section *300A* of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Dated: 24 August 2021
Melbourne, Victoria