

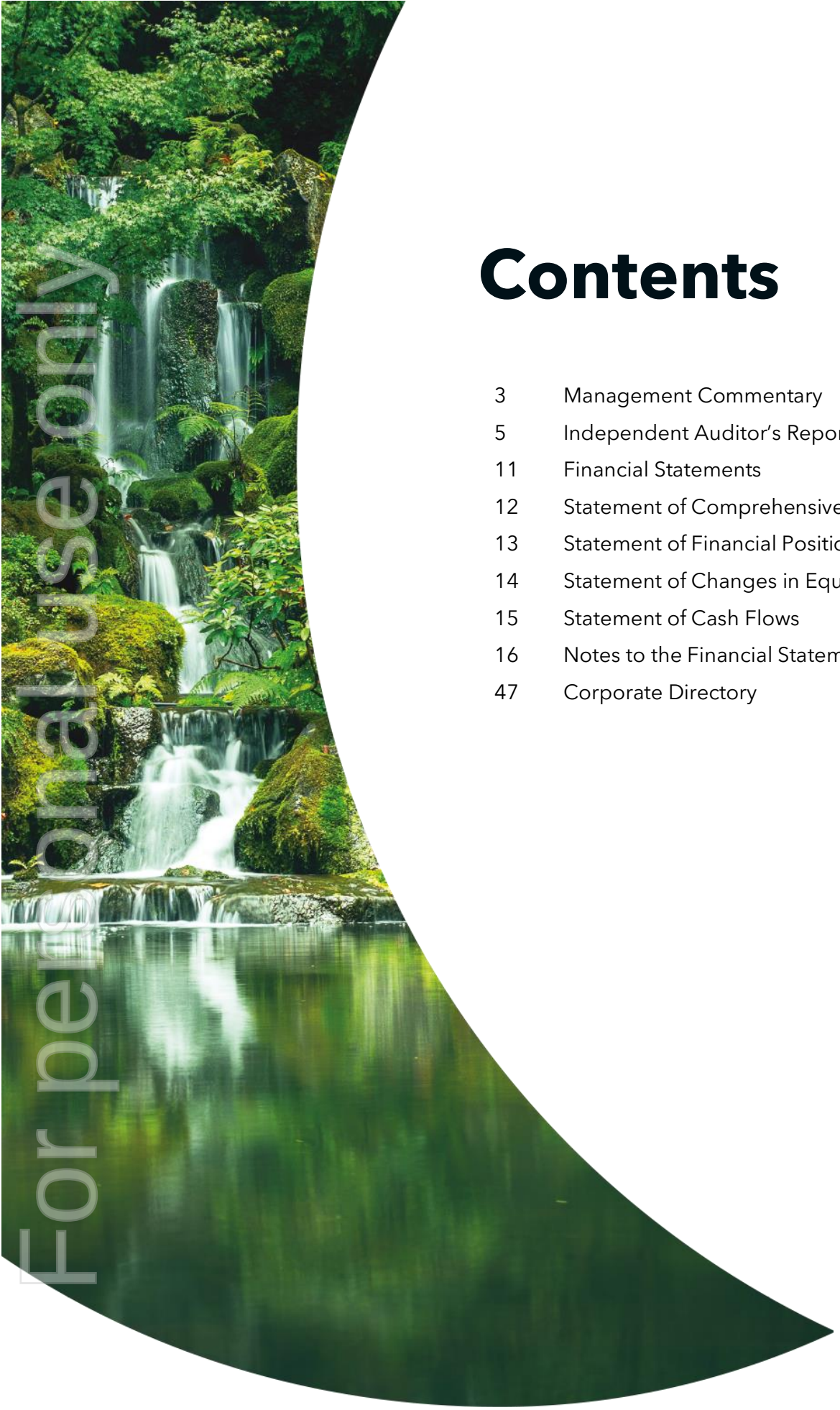
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Gentrack Group Limited

Financial Statements

For the year ended 30 September 2021

gentrack



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MANAGEMENT COMMENTARY

- **Revenue: $105.7m – up 5.2% on FY20 and in line with guidance**
- **EBITDA: slightly ahead of guidance at $12.7m – up 5.0% on FY20**
- **Statutory NPAT: $3.2m**
- **Net cash: strong position $26.0m up 54.8% on FY20**
- **No dividend payable**

Revenue growth was driven by an 8.8% increase in the Utilities business to $89.0m from $81.8m in FY20 with new customer wins and growth from existing customers offsetting previous years' losses.

Veovo revenues were down from $18.7m in FY21 to $16.7m due to continued impact of Covid on the aviation industry, but pleasingly annual recurring revenues (ARR) were up 7.7% as new customers moved into live operation.

Underlying Group EBITDA of $12.7m is up 5.0% on FY20, slightly ahead of the guidance issued earlier this year. Costs were up 5.2% vs FY20 driven by increased investment in personnel, with continued savings in non-personnel costs.

The Group achieved strong net cash generation of $9.2m for the period resulting in $26.0m net cash at 30 September 2021, up from $16.8m at 30 September 2020.

We continue to deliver against the three strategic growth pillars outlined in our Strategy Presentation to the market in June – creating a strong customer base, winning new logos and growing our managed services business.

Our strategic position with our existing customer base continues to strengthen. Customer status continues to improve with 72% of our customers at a 'green' high performance status.

Over the past 12 months we have won 7 new logos, including 3 new B2B energy retailers, further strengthening our position as a leading provider of solutions to C&I retailers.

The Managed Services revenues remained generally flat from FY20 to FY21. Since prioritising Managed Services as a focus area of our strategy, we now have a healthy pipeline and order book which are setting us up for FY22 and future growth.

Although performing well against our pillars, we continue to experience a drag on revenue growth, from prior period losses and supplier failures in the UK. The number of B2C supplier failures in the UK has accelerated in the last 3 months due to the global energy crisis and Government enforced price cap for the B2C segment – with a total of 9 customer insolvencies occurring since the beginning of FY21 compared to 6 in total from FY17 through FY20.

This week, Bulb, a Gentrack customer, went into a special form of administration for larger supplier failures which has not been tested before. We will continue to support the business as required by the administrator as options for the business are assessed over the coming months.

We anticipate there may be some further supplier failures in the coming winter months after which our expectation is that the market will stabilise.

We have made allowances for a reasonable scenario for these additional potential failures.

In general, our revenue is diversified across airports and utilities, with our energy and water customers active in 6 countries, covering both B2B and B2C.

As a technology first company we continue to accelerate investment in both our Utilities cleantech capabilities and Veovo, in order to deliver innovation and profitability for a sustainable era. More customers are turning to Gentrack to deliver cloud native innovations and understand that Gentrack has the delivery expertise to roll out these innovations across diverse markets and at scale.

The business' turnaround continues to progress, and despite the headwinds in the UK covered above, the organisation is in a strong state, and we are well positioned for accelerated growth.

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Independent Auditor's Report

To the Shareholders of Gentrack Group Limited - Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Gentrack Group Limited ("the Company") and its subsidiaries (together "the Group") on pages 11 to 46, which comprise the consolidated statement of financial position of the Group as at 30 September 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 11 to 46 present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2021 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Company or any of its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

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Other matter

The consolidated financial statements of Gentrack Group Limited for the year ended 30 September 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 26 November 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition

Why significant	How our audit addressed the key audit matter
The Group has reported revenues of $105 million. We focused on the component of revenue related to software implementation projects of $20 million, which is part of the licences and project services revenue, as a key audit matter due to inherent complexities of software implementation projects and the estimates involved. Revenue from implementation projects is considered to be a distinct performance obligation and is recognised based on the stage of completion using either the proportion of actual hours at the reporting date compared to management estimates for total forecast hours or with reference to milestones. Accurate recording of revenue is highly dependent on: ► Detailed knowledge of individual characteristics of a contract, including unique terms, knowledge of software and length of time to complete contractual milestones ► Ongoing adjustments to estimated hours to complete implementation taking into consideration changes in scope estimated timing and project delays, and	In obtaining sufficient appropriate audit evidence, we: ► Selected a sample of implementation service projects focusing on projects that were in progress at balance date. For the projects selected for testing samples, where relevant, we: ► Checked revenue recognised was consistent with contractual terms and accounting standard requirements, including any allocations between initial license fee, design and implementation, and maintenance phases of the contracts ► Obtained the project status reports as at 30 September 2021 and checked whether the project manager had performed a review to ensure the forecast used to calculate revenue through percentage of completion was up to date ► Compared the forecast hours to complete based on the project status reports core reporting systems to ensure revenue was recognised in line with the project manager's estimate ► Assessed the forecast hours through discussion with project managers and senior management and challenged key assumptions including consideration of alternative scenarios and how management addressed risks in the contract

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Why significant	How our audit addressed the key audit matter
▸ Changes to total project revenue for contract variation or additional billing for changes in scope or additional hours incurred. Disclosures in relation to the Group's revenue are included in note 3.2 to the consolidated financial statements.	▸ Compared significant changes in total forecast hours to correspondence with customers, legal documentation and/or contract variation. ▸ Evaluated potential exposure to liquidated damaged by reviewing legal correspondence and correspondence with customers, and ▸ Considered the historical accuracy of management estimates of forecast hours by analysing previous forecasts to actual hours. ▸ Used data analytical techniques to assess the correlation between revenue, deferred revenue and cash ▸ Validated a sample of cash receipts related to revenue transactions ▸ Assessed appropriateness of the deferred revenue balance at year end by reference to the percentage of completion of implementation revenue projects, and ▸ Considered the adequacy of the associated disclosures in the financial statements.

Goodwill and Brand intangible assets' impairment assessment

Why significant	How our audit addressed the key audit matter
At 30 September 2021, the Group records goodwill and brand intangible assets with a combined value of $112 million, which make up 52% of the Group's total assets. The value-in-use of the Group's cash generating units ("CGUs") is determined by management each reporting period by impairment models that require significant judgement and estimation in respect of future cash flow forecasts, discount rates and terminal growth rate assumptions. Changes in certain assumptions can lead to significant changes in the assessment of the value-in-use. Disclosures regarding the Group's key assumptions adopted and the sensitivity to reasonably possible changes in key assumptions which could result in impairment for certain CGUs are included in note 5.3 and 5.4 of the consolidated financial statements.	In obtaining sufficient appropriate audit evidence, we: ▸ Understood the Group's goodwill impairment assessment process and identified any relevant controls ▸ Assessed the Group's determination of CGUs based on our understanding of the nature of the Group's business units and considered whether management's assessment of CGUs was appropriate ▸ Determined the appropriateness of using a discounted cash flow model to calculate the value in use for each identified CGU and tested this for mathematical accuracy ▸ Obtained the Group's impairment models and assessed forecast cash flow assumptions by comparison to actual results and the Board's approved budgets. We also challenged the reasonableness of the managements forecast cashflows ▸ Considered the accuracy of previous Group cashflow forecasting to inform our evaluation of forecasts included in the impairment models ▸ Involved our business valuation specialists to assess the terminal growth and discount rates applied in consideration of relevant comparators ▸ Challenged the assumptions and judgements used by management by performing sensitivity analysis in relation

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Why significant	How our audit addressed the key audit matter
	to the discount rate and forecast cash flows to consider the potential impact of changes in these assumptions, and ▸ Evaluated the adequacy of the related financial statement disclosures.

Information other than the financial statements and auditor's report

The Directors of the company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.

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

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

If, based upon 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.

Directors' responsibilities for the financial statements

The Directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing on behalf of the entity the Group's ability 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 International Standards on Auditing (New Zealand) 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 these consolidated financial statements.

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A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Grant Taylor.

Ernst + Young

Chartered Accountants
Wellington
25 November 2021

DIRECTORS RESPONSIBILITY STATEMENT

The Directors are required to prepare financial statements for each financial year that present fairly the financial position of Gentrack Group and its operations and cash flows for that period.

The Directors consider these financial statements have been prepared using accounting policies suitable to Gentrack Group's circumstances, which have been consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of Gentrack Group and to enable them to ensure that the financial statements comply with the Companies Act 1993. They are also responsible for safeguarding the assets of Gentrack Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors of Gentrack Group authorised these financial statements for issue on 25 November 2021.

For and on behalf of the Board of Directors:



Andy Green

Chairman
Date: 25 November 2021



Fiona Oliver

Director
Date: 25 November 2021

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Financial Statements

30 September 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	SECTION	2021 NZ$000	2020 NZ$000
Revenue	3.2,3.3	105,723	100,533
Expenditure	3.4	(92,996)	(88,440)
Profit before depreciation, amortisation, acquisition related costs, revaluation of financial liabilities, impairment of goodwill and intangible assets, financing and tax		**12,727**	**12,093**
Depreciation and amortisation	3.5	(10,864)	(12,354)
Revaluation of acquisition related financial liability		-	891
Impairment of goodwill and intangible assets	5.3	-	(34,511)
Profit/(Loss) before financing and tax		**1,863**	**(33,881)**
Net finance income/(expense)	3.6	3,701	(386)
Profit/(Loss) before tax		**5,564**	**(34,267)**
Income tax (expense)/benefit	7.1	(2,375)	2,561
Profit/(Loss) attributable to the shareholders of the company		**3,189**	**(31,706)**
OTHER COMPREHENSIVE INCOME			
Excess income tax benefit on share-based payments		91	-
Translation of international subsidiaries		(4,992)	(882)
Total comprehensive loss for the period		**(1,712)**	**(32,588)**
EARNINGS PER SHARE / (LOSS) ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY (EXPRESSED IN DOLLARS PER SHARE)			
Basic earnings per share	6.4	$0.03	($0.32)
Diluted earnings per share	6.4	$0.03	($0.32)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ISSUED			
Basic	6.4	98,761	98,645
Diluted	6.4	103,128	100,053

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

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	SECTION	2021 NZ$000	2020 NZ$000
CURRENT ASSETS			
Cash and cash equivalents	4.3	25,957	19,321
Trade and other receivables	5.1	21,746	18,951
Income tax receivable		68	151
Inventory	5.8	362	464
Total current assets		**48,133**	**38,887**
NON-CURRENT ASSETS			
Property, plant and equipment	5.5	2,683	2,763
Lease assets	9.1	8,162	10,338
Goodwill	5.2	106,766	106,599
Intangibles	5.4	37,698	45,428
Deferred tax assets	7.2	5,391	4,649
Total non-current assets		**160,700**	**169,777**
Total assets		**208,833**	**208,664**
CURRENT LIABILITIES			
Bank loans	4.2	-	2,536
Trade payables and accruals	5.6	4,513	3,905
Lease liabilities	9.1	1,376	2,692
Contract liabilities		12,695	12,419
GST payable		1,931	3,206
Employee entitlements	5.7	9,535	5,552
Income tax payable		1,322	-
Total current liabilities		**31,372**	**30,310**
NON-CURRENT LIABILITIES			
Lease liabilities	9.1	11,176	12,435
Employee entitlements	5.7	539	428
Deferred tax liabilities	7.2	3,305	4,997
Total non-current liabilities		**15,020**	**17,860**
Total liabilities		**46,392**	**48,170**
Net assets		**162,441**	**160,494**
EQUITY			
Share capital	6.1	191,699	191,229
Share based payment reserve		3,888	699
Foreign currency translation reserve		1,790	6,782
Retained earnings		(34,936)	(38,216)
Total equity		**162,441**	**160,494**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

For and on behalf of the Board who authorised these financial statements for issue on 25 November 2021.

Andy Green
Chair

Date: 25 November 2021

Fiona Oliver
Director

Date: 25 November 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

2021 NZ$000	SECTION	SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL EQUITY
Balance as at 1 October		**191,229**	**699**	**(38,216)**	**6,782**	**160,494**
Profit attributable to the shareholders of the company		-	-	3,189	-	3,189
Other comprehensive income/(loss)		-	-	91	(4,992)	(4,901)
Total comprehensive income/(loss) for the period, net of tax		**-**	**-**	**3,280**	**(4,992)**	**(1,712)**
TRANSACTION WITH OWNERS						
Issue of share capital	6.1, 6.2	470	(413)			57
Share-based payments	6.2	-	3,602	-	-	3,602
Balance at 30 September		**191,699**	**3,888**	**(34,936)**	**1,790**	**162,441**

2020 NZ$000	SECTION	SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL EQUITY
Balance as at 1 October		**191,229**	**389**	**(1,673)**	**7,664**	**197,609**
Change in accounting policy		-	-	(1,833)	-	(1,833)
Restated total equity at 1 October		**191,229**	**389**	**(3,506)**	**7,664**	**195,776**
Loss attributable to the shareholders of the company		-	-	(31,706)	-	(31,706)
Other comprehensive loss		-	-	-	(882)	(882)
Total comprehensive income for the period, net of tax		**-**	**-**	**(31,706)**	**(882)**	**(32,588)**
TRANSACTION WITH OWNERS						
Dividend paid	6.3	-	-	(3,004)	-	(3,004)
Share-based payments	6.2	-	310	-	-	310
Balance at 30 September		**191,229**	**699**	**(38,216)**	**6,782**	**160,494**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	SECTION	2021 NZ$000	2020 NZ$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		103,251	110,731
Payments to suppliers and employees		(85,957)	(83,547)
Lease liability finance charge	9.1	(814)	(931)
Income tax paid		(3,535)	(4,287)
Net cash inflow from operating activities		**12,945**	**21,966**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	5.5	(663)	(324)
Purchase of intangible assets	5.4	-	(331)
Payment of acquisition related option		-	(2,419)
Net cash outflow from investing activities		**(663)**	**(3,074)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		(2,678)	(2,497)
Drawdown of borrowings		-	5,007
Repayment of borrowings		(2,564)	(6,871)
Interest paid		(176)	(375)
Dividends paid	6.3	-	(3,004)
Net cash outflow from financing activities		**(5,418)**	**(7,740)**
Net increase in cash held		**6,864**	**11,152**
Foreign currency translation adjustment		(228)	(457)
Cash at beginning of the financial period		19,321	8,626
Closing cash and cash equivalents		**25,957**	**19,321**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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GENERAL INFORMATION



ACCOUNTING POLICES



CRITICAL JUDGEMENTS

GENERAL INFORMATION



The notes are consolidated into nine sections. Each section contains an introduction and general information which is indicated by the symbol above. The layout of these financial statements has been streamlined to present them in a way that is more intuitive for readers to follow. This is achieved by laying out the accounting policies and critical judgements alongside the notes and focusing information in a way which provides increased clarity and ease of understanding.

The first section details general information about Gentrack Group and guidance on how to navigate through the financial statements.

ACCOUNTING POLICIES



The principal accounting policies adopted in the preparation of these financial statements are set out throughout the document where they are applicable. These policies have been consistently applied to all the years presented, unless otherwise stated. Certain comparatives have been updated to ensure consistency with current year presentation.

Accounting policies are identified by this symbol above.

CRITICAL JUDGEMENTS



The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values for assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these critical judgements and estimates may be found throughout the financial statements as they are applicable and are identified by this symbol.

1. GENERAL INFORMATION

Gentrack Group Limited is a limited liability company, domiciled and incorporated in New Zealand and registered under the New Zealand Companies Act 1993. The registered office of the Company is 17 Hargreaves Street, St Marys Bay, Auckland 1011, New Zealand.

The financial statements presented are for Gentrack Group Limited and its subsidiaries (Gentrack Group) for the year ended 30 September 2021. Prior year comparatives are for the year ended 30 September 2020.

The financial statements of Gentrack Group for the year ended 30 September 2021 were authorised for issue in accordance with a resolution of the directors on 25 November 2021.

Gentrack Group's principal activity is the development, integration, and support of enterprise billing and customer management software solutions for the utility (energy and water) and airport industries.

COVID-19 PANDEMIC

At 30 September 2021, the financial impact of COVID-19 on Gentrack Group overall has not been material. COVID-19 has not adversely impacted Gentrack Group's Utility business, however the Airport business has been impacted by COVID-19 with project cancellations and delays because of the uncertainty caused by COVID-19. Gentrack Group continues to closely monitor the longer-term financial and economic implications of COVID-19 on its operations.

In preparing these financial statements Gentrack Group has considered the increased level of uncertainty resulting from COVID-19 in applying its accounting estimates and judgements, details of the significant judgements and estimates are provided below:

Accounting estimate and judgement area	Reference
License and project service revenue - Stage of completion	Section 3.2
Recoverability of trade receivables	Section 5.1
Impairment testing – Five-year cashflow forecasts	Section 5.3

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2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This section outlines the legislation and accounting standards which have been followed in the preparation of the financial statements along with explaining how the information has been consolidated and presented.

2.1 KEY LEGISLATION AND ACCOUNTING STANDARDS

The financial statements of Gentrack Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

Gentrack Group is an FMC entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013 and is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, Financial Markets Conduct Act 2013 and the Companies Act 1993.

2.2 BASIS OF CONSOLIDATION

Subsidiaries are entities over which Gentrack Group has control. Gentrack Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. In assessing control, potential voting rights that currently are exercisable are considered. Subsidiaries are fully consolidated from the date that control is transferred to Gentrack Group. They are deconsolidated from the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Gentrack Group.

Intra-group balances and any unrealised income and expenses arising from intra-group transactions, are fully eliminated in preparing the financial statements.

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of Gentrack Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in New Zealand dollars (NZD) which is Gentrack Group's presentation currency. All financial information has been presented rounded to the nearest thousand dollars ($000) in the financial statements.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses are presented in the statement of comprehensive income within net finance expense.

FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

Gentrack Group translates the results of its foreign operations from their functional currencies to the presentation currency using the closing exchange rate at balance date for assets and liabilities and the average monthly exchange rates for income and expenses. The difference arising from the translation of the statement of financial position at the closing rates and the statement of comprehensive income at the average rates is recorded within the foreign currency translation reserve within the statement of changes in equity.

2.3 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to Gentrack Group. Control is the exposure or right to variable returns from involvement with the entity and the ability to affect those returns through power over the entity.

Gentrack Group recognises the fair value of all identifiable assets, liabilities, and contingent liabilities of the acquired business. Goodwill is measured as the excess cost of the acquisition over the recognised assets and liabilities. When the excess is negative (negative goodwill), the amount is recognised immediately in the statement of comprehensive income.

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2.3 BUSINESS COMBINATIONS (CONTINUED)

Gentrack Group applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called put/call arrangements). Under the anticipated acquisition method, the interests of the non-controlling shareholder are derecognised when Gentrack Group's liability relating to the purchase of its shares is recognised. The recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore, the corresponding interests are presented as already owned by

Gentrack Group even though legally they are still non-controlling interests. The initial measurement of the fair value of the financial liability recognised by Gentrack Group forms part of the consideration for the acquisition.

Gentrack Group has not made any acquisitions during the year ended 30 September 2021 or 2020. For details of acquisitions made in prior years refer to the 2018 Annual Report.

2.4 GROUP INFORMATION

The financial statements include the following subsidiaries:

ENTITY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	SHAREHOLDING 2021	SHAREHOLDING 2020
Gentrack Group Australia Pty Limited	Holding company	Australia	100%	100%
Gentrack Pty Limited	Software sales and support	Australia	100%	100%
Veovo Holdings (Denmark) ApS	Holding company	Denmark	100%	100%
Veovo A/S (formally Blip Systems A/S)	Software development sales and support	Denmark	100%	100%
CA Plus Limited	Software development sales and support	Malta	100%	100%
Veovo Group Limited	Holding company	New Zealand	100%	100%
Gentrack Limited	Software development sales and support	New Zealand	100%	100%
Gentrack Holdings (UK) Limited	Holding company	United Kingdom	100%	100%
Gentrack UK Limited	Software development sales and support	United Kingdom	100%	100%
Junifer Systems Limited	Dormant	United Kingdom	100%	100%
Evolve Parent Limited	Holding company	United Kingdom	100%	100%
Evolve Analytics Limited	Dormant	United Kingdom	100%	100%
Gentrack (Singapore) Pte Limited	Software sales and support	Singapore	100%	100%
Veovo Inc	Software sales and support	USA	100%	100%
Veovo NZ Limited	Software sales and support	New Zealand	100%	100%
Veovo UK Limited	Software sales and support	United Kingdom	100%	100%
Veovo IP Limited	Software Development	New Zealand	100%	100%

2.5 IMPACT OF STANDARDS ISSUED BUT NOT YET ADOPTED

The International Accounting Standards Board has issued IFRS 17 Insurance Contracts, as well as amendments to existing international accounting standards. Gentrack Group will adopt IFRS 17 when mandatory and does not expect IFRS 17 to have any impact on its financial statements.

3. GROUP PERFORMANCE

This section outlines further details of Gentrack Group's financial performance by building on the information presented in the statement of comprehensive income.

3.1 OPERATING SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments are aggregated for disclosure purposes where they have similar products and services, production processes, customers, distribution methods and regulatory environments.

Gentrack Group currently operates in two business segments, utility billing software and airport management software. Consistent with prior years, Gentrack Group's corporate costs are included in the Utility segment. These segments have been determined based on the reports reviewed by the Board (Chief Operating Decision Maker) to make strategic decisions.

The assets and liabilities of Gentrack Group are reported to and reviewed by the Chief Operating Decision Maker in total and are not allocated by business segment. Therefore, operating segment assets and liabilities are not disclosed.

2021	UTILITY	AIRPORT	TOTAL
	NZ$000	NZ$000	NZ$000
TIMING OF REVENUE RECOGNITION			
Point in time	10,973	1,636	12,609
Over time	77,982	15,132	93,114
Total revenue	**88,955**	**16,768**	**105,723**
Expenditure	(79,604)	(13,392)	(92,996)
Segment contribution (1)	**9,351**	**3,376**	**12,727**

2020	UTILITY	AIRPORT	TOTAL
	NZ$000	NZ$000	NZ$000
TIMING OF REVENUE RECOGNITION			
Point in time	7,379	2,018	9,397
Over time	74,397	16,739	91,136
Total revenue	**81,776**	**18,757**	**100,533**
Expenditure	(71,565)	(16,875)	(88,440)
Segment contribution (1)	**10,211**	**1,882**	**12,093**

(1) Segment contribution is defined as Profit before depreciation, amortisation, revaluation of financial liabilities, impairment of goodwill and intangible assets, financing, and tax.

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3.1 OPERATING SEGMENTS (CONTINUED)

A reconciliation of segment contribution to profit attributable to the shareholders of the company is as follows:

	2021	2020
	NZ$000	NZ$000
Segment contribution (1)	**12,727**	**12,093**
Depreciation and amortisation	(10,864)	(12,354)
Revaluation of acquisition related financial liabilities	-	891
Impairment of goodwill and intangible assets	-	(34,511)
Net finance income/(expense)	3,701	(386)
Income tax (expense)/benefit	(2,375)	2,561
Profit/(Loss) attributable to the shareholders of the company	**3,189**	**(31,706)**

	2021	2020
	NZ$000	NZ$000
REVENUE BY DOMICILE OF ENTITY		
Australia	25,359	22,659
New Zealand	13,467	16,447
United Kingdom	60,302	55,458
Rest of World	6,595	5,969
Total revenue	**105,723**	**100,533**
REVENUE BY DOMICILE OF CUSTOMER		
Australia	27,509	25,755
New Zealand	8,696	8,456
United Kingdom	57,382	52,746
Rest of World	12,136	13,576
Total revenue	**105,723**	**100,533**

In 2021 and 2020, no single customer including their subsidiaries accounted for 10% or more of Gentrack Group's revenue.

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3.2 OPERATING REVENUE

Gentrack Group recognises revenue from customers when the performance obligation has been accomplished. A performance obligation is accomplished when the customer has received all the benefits promised under the performance obligations and payment is generally due within 30 to 60 days from invoices being raised. The following sections detail the type of revenue recognised within each category.

Revenue recognition of license and project services is recognised based on the stage of completion which requires judgement to be applied. This process uses estimations of time required to complete the project and is based on detailed information on hours worked to date, prior experience, and project scheduling tools. Gentrack Group employs project managers to provide regular information to management on the progress of all projects. All estimates are reviewed by management prior to revenue recognition.

ANNUAL FEES

Annual fees include software support and maintenance charged on software licenses, software subscriptions and managed services. Revenue from annual fees is generally recognised over the period as the benefits are consumed by the customer.

SUPPORT SERVICES

Support services are post implementation value-add professional services related to ongoing upgrades, minor software revisions and extended support. Support services revenue is recognised when the service is complete or on a stage of completion basis.

LICENSES

Revenue from license fees is recognised when the customer can benefit from the licensed software. License fees that are highly interrelated with project services are recognised based on a stage of completion of the project.

PROJECT SERVICES

Revenue from project services is recognised based on the stage of completion of the project. This is typically in accordance with the achievement of contract milestones and/or hours expended and forecast hours to complete the project.

OTHER

Other revenue is primarily revenue from hardware and the recharge of ad-hoc costs that are recharged to customers. Revenue from hardware sales is recognised when the hardware has been delivered to the customer.

	SECTION	2021 NZ$000	2020 NZ$000
OPERATING REVENUE:			
Annual fees		57,787	60,394
Support services		20,977	20,636
Project services		18,727	13,286
Licenses		2,758	2,177
Other		4,771	2,070
Total operating revenue		**105,020**	**98,563**
OTHER INCOME:			
Government grants	3.3	703	1,970
Total revenue		**105,723**	**100,533**

3.3 OTHER INCOME

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and Gentrack Group will comply with all attached conditions. When a grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

During 2021, Gentrack Group recognised a total of $0.7m (2020: $2.0m) of grants from Callaghan Innovation in New Zealand. This government grant provided a percentage return for eligible Research and Development conducted by Gentrack Group. At balance date, there are no amounts outstanding in relation to the Callaghan Grant. Effective from 1 April 2021 for Gentrack Group the Callaghan Grant has been replaced by the Research and Development Tax Incentive (RDTI) where a tax incentive is provided for eligible Research and Development conducted by Gentrack Group.

The RDTI and the Research and Development Expenditure Credit (RDEC) in the UK are tax incentives and the benefit of these tax incentives are applied to Gentrack Group's income tax payable when the income tax returns for 30 September 2021 are filed.

3.4. EXPENDITURE

The table below provides a detailed breakdown of the total expenditure presented in the statement of comprehensive income.

	2021	2020
	NZ$000	NZ$000
PROFIT / (LOSS) BEFORE TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
Employee entitlements	70,296	65,780
Administrative costs	3,862	6,721
Third party customer-related costs	5,438	6,450
Advertising and marketing	1,191	898
Consulting and subcontracting	9,353	5,754
Other operating expenses	2,856	2,837
Total expenditure	**92,996**	**88,440**

Included in the total expenditure above, Gentrack Group has expensed $12.7m in Research and Development expenditure (2020: $15.7m). This Research and Development expenditure includes payroll costs, employee benefits and other employee related costs, direct overheads, and other directly attributable costs related to performing Research and Development activities.

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3.5 DEPRECIATION AND AMORTISATION

Depreciation on assets is calculated using the straight-line method to allocate the difference between their original costs and their residual values over their estimated useful lives.

Except for goodwill and brands, intangible assets are amortised on a straight-line basis in the statement of comprehensive income over their estimated useful lives, from the date that they are available for use.

	2021	2020
	NZ$000	NZ$000
Depreciation	3,084	3,289
Amortisation	7,780	9,065
Total depreciation and amortisation	**10,864**	**12,354**

3.6. NET FINANCE EXPENSES

Finance income comprises interest income and foreign currency gains that are recognised in the statement of comprehensive income. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, lease liability finance charges, foreign currency losses and impairment losses recognised on the financial assets (except for trade receivables) that are recognised in the statement of comprehensive income. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

	SECTION	2021	2020
		NZ$000	NZ$000
FINANCE INCOME			
Interest income		26	7
		26	**7**
FINANCE EXPENSE			
Interest expense		(203)	(383)
Lease liability finance charges	9.1	(814)	(931)
Interest paid - NPV discount		-	(7)
Foreign exchange gains		4,692	928
		3,675	**(393)**
Net finance income/(expense)		**3,701**	**(386)**

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4. CASH, BORROWINGS AND CASH FLOWS

This section outlines further from the statement of cashflows and provides details on the cash and cash equivalents held in the statement of financial position.

Cash comprises cash at bank and on hand.

4.1 RECONCILIATION OF NET SURPLUS TO CASH FLOWS

	SECTION	2021 NZ$000	2020 NZ$000
RECONCILIATION OF OPERATING CASH FLOWS WITH NET PROFIT/(LOSS) AFTER TAX:			
Profit/(Loss) after tax		**3,189**	**(31,706)**
ADJUSTMENTS FOR NON-CASH ITEMS			
Deferred tax	7.2	(2,590)	(4,237)
Impairment provision - Trade receivables		4	1,939
Gain on foreign exchange transactions		(4,692)	(928)
Share based payments		3,566	310
Net interest expense	3.6	176	375
Revaluation and interest on financial liability		-	(884)
Other non-cash items		-	(3)
Depreciation and amortisation	3.5	10,864	12,354
Impairment of goodwill and other intangibles		-	34,511
Non-cash items		**10,517**	**11,731**
ADD/(DEDUCT) MOVEMENTS IN OTHER WORKING CAPITAL ITEMS:			
(Increase) / Decrease in trade and other receivables		(3,167)	10,850
Increase/(Decrease) in tax payable		1,430	(2,611)
(Decrease)/Increase in GST payable		(1,284)	1,215
Increase in contract liabilities		413	196
Increase in employee entitlements		4,177	965
Increase/(Decrease) in trade payables and accruals		859	(380)
Net working capital movements		**2,428**	**10,235**
Net cash inflow from operating activities		**12,945**	**21,966**

4.2 BANK FACILITIES AND BORROWINGS

Gentrack Group has a NZ$20m multi-currency facility with ASB Bank Limited to provide additional funding as required for acquisitions and general corporate purposes. This facility expires on 28 March 2022, during 2021 the facility balance was fully repaid leaving $Nil drawn under the facility agreement at 30 September 2021 (2020: $2.5m).

The facility is secured by a general security agreement under which ASB has a security interest in Gentrack Group assets. Covenants are in place and compliance is reported quarterly.

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4.3. CASH AND CASH EQUIVALENTS

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

	2021	2020
	NZ$000	NZ$000
Bank balances	25,957	19,320
Cash on hand	-	1
Total cash and cash equivalents	**25,957**	**19,321**

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5. ASSETS AND LIABILITIES

This section outlines further details of Gentrack Group's financial position by building on information presented in the statement of financial position.

5.1. TRADE AND OTHER RECEIVABLES

Gentrack Group recognises trade and other receivables initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An impairment provision for trade receivables consists of the expected credit loss in accordance with NZ IFRS 9 and a specific provision.

A specific provision is established when there is objective evidence that Gentrack Group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of an asset is reduced using provision accounts, and the amount of the loss is recognised in the statement of comprehensive income. When a receivable is uncollectible, it is written off against the specific impairment provision account. Subsequent recoveries of amounts previously written off are credited against the statement of comprehensive income.

	2021	2020
	NZ$000	NZ$000
Trade receivables	18,422	15,084
Impairment provision - Expected credit loss	(334)	(390)
Impairment provision - Specific provision	(2,945)	(3,460)
Provision for volume discounts	(104)	(131)
Contract assets	4,865	5,683
Sundry receivables and prepayments	1,842	2,165
Total trade and other receivables	**21,746**	**18,951**

MOVEMENT IN TRADE RECEIVABLES IMPAIRMENT PROVISION

	2021	2020
	NZ$000	NZ$000
Opening balance	3,850	2,868
Increase in impairment provision	1,563	2,618
Write back in impairment provision	(2,089)	(566)
Effect of movement in foreign exchange	(21)	13
Bad debt written off	(24)	(1,083)
Total trade receivables impairment provision	**3,279**	**3,850**

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5.1 TRADE AND OTHER RECEIVABLES (CONTINUED)

The expected credit loss provision for trade receivables has been measured using the same techniques as the prior year, determined as follows.

2021	CURRENT	1-60 DAYS PAST DUE	61-120 DAYS PAST DUE	121-180 DAYS PAST DUE	OVER 180 DAYS PAST DUE	TOTAL
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Gross carrying amount	13,318	2,260	591	327	1,926	18,422
Baseline	34	17	9	8	96	164
Aging and Customer duration	1	-	6	10	97	114
Country, Customer and Market	26	6	3	2	19	56
Total expected credit loss rate	0.45%	1.02%	3.02%	6.25%	11.05%	1.81%
Expected credit loss allowance	**60**	**23**	**18**	**20**	**213**	**334**

2020	CURRENT	1-60 DAYS PAST DUE	61-120 DAYS PAST DUE	121-180 DAYS PAST DUE	OVER 180 DAYS PAST DUE	TOTAL
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Gross carrying amount	8,513	3,214	356	806	2,195	15,084
Baseline	21	21	5	20	106	173
Aging and Customer duration	1	6	3	39	112	161
Country, Customer and Market	16	8	2	6	24	56
Total expected credit loss rate	0.45%	1.09%	2.84%	8.08%	11.03%	2.59%
Expected credit loss allowance	**38**	**35**	**10**	**65**	**242**	**390**

5.2 GOODWILL

Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units (CGU) and is not amortised but is tested annually for impairment.

	2021	2020
	NZ$000	NZ$000
Opening balance	106,599	134,434
Goodwill impairment	-	(28,040)
Exchange rate differences	167	205
Net book value	**106,766**	**106,599**
Goodwill allocated to Utilities	103,866	103,699
Goodwill allocated to Veovo	2,900	2,900
Net book value	**106,766**	**106,599**

During the year due to the further alignment of the Airport 20/20 and Blip Systems CGU, these CGU's have been combined to form the Veovo CGU. With further alignment, it is no longer possible to meaningfully separate the cashflows of these CGU's and therefore are now reported as a single CGU.

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5.3 IMPAIRMENT TESTING

IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS

At each reporting date, Gentrack Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, Gentrack Group makes a formal estimate of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell or the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments and the time value of money and the risks specific to the asset. Value in use is determined by discounting the future cash flows generated by each CGU. Cash flows were projected based on five-year business plans. The Weighted Average Cost of Capital (WACC) is based on CAPM methodology using market specific inputs. The WACC for each CGU is reviewed at least annually. The key assumptions are detailed in the table below.

Gentrack Group tests annually whether goodwill has suffered any impairment or more often as required, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. Preparing five-year forecasts in a COVID-19 environment has been a challenging task due to the uncertainty of the future. In preparing the five-year forecasts, management has reviewed the assumptions and weighed up the information available at the time to ensure the forecasts are appropriate given the CGU's position and the prevailing market conditions.

These calculations require the use of assumptions, the details of these assumptions are presented below and for both CGU's a Terminal Growth Rate of 1.85% has been applied.

CASH GENERATING UNIT	2021 REVENUE GROWTH 2022 - 2026	WACC 2021	2020 REVENUE GROWTH 2021 - 2025	WACC 2020
Utilities	5.1% CAGR	9.6%	4% CAGR	9.8%
Veovo	10.6% CAGR	10.7%	5% CAGR	10.1%

IMPAIRMENT TESTING RESULTS

The calculations confirmed there was no impairment of goodwill during the year for the Utilities or Veovo CGU's. Management believes that any reasonable possible change in the key assumptions for either CGU would not cause the carrying amount to exceed the recoverable amount.

Changes in key assumptions were considered as sensitivities. These are summarised in the table below.

CASH GENERATING UNIT	RECOVERABLE AMOUNT	EBITDA +5%	EBITDA -5%	WACC +1%	WACC -1%
Utilities	199,784	206,873	189,310	176,189	228,849
Veovo	9,724	11,058	9,218	8,641	12,037

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5.4 INTANGIBLE ASSETS

CAPITALISED DEVELOPMENT



Costs that are directly associated with the development of software are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use.
- management intends to complete the software product and use or sell it.
- there is an ability to use or sell the software product.
- it can be demonstrated how the software product will generate probable future economic benefits.
- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Software development costs that meet the above criteria are capitalised. Other development expenditure that does not meet the above criteria is recognised as an expense as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Software development costs recognised as assets are amortised over their estimated useful lives.

BRANDS

Brands are considered to have an indefinite useful life and are held at cost and are not amortised but are subject to an annual impairment test consistent with the methodology outlined for goodwill above.

OTHER INTANGIBLE ASSETS

Other intangible assets consist of internal use software, acquired source code, trade-marks, and customer relationships. They have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

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5.4 INTANGIBLE ASSETS (CONTINUED)

AMORTISATION

Except for goodwill and brands, intangible assets are amortised on a straight-line basis in the statement of comprehensive income over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Acquired source code 10 years
- Internal use software 3 years
- Customer relationships 10 years
- Trademarks 4 years
- Capitalised development 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2021	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADEMARKS	CAPITALISED DEVELOPMENT	TOTAL
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Opening balance	**25,046**	**12,888**	**5,024**	**454**	**2,016**	**45,428**
Amortisation	(4,666)	(2,405)	-	(165)	(544)	(7,780)
Movement in foreign exchange	33	18	-	-	(1)	50
Closing net book value	**20,413**	**10,501**	**5,024**	**289**	**1,471**	**37,698**
Cost	45,025	24,169	5,024	841	2,729	77,788
Accumulated amortisation	(24,612)	(13,668)	-	(552)	(1,258)	(40,090)
Net book value	**20,413**	**10,501**	**5,024**	**289**	**1,471**	**37,698**

2020	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADEMARKS	CAPITALISED DEVELOPMENT	TOTAL
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Opening balance	**31,413**	**15,718**	**5,024**	**621**	**7,706**	**60,482**
Additions	-	-	-	-	331	331
Amortisation	(4,861)	(2,473)	-	(169)	(1,562)	(9,065)
Impairment	(1,616)	(390)	-	-	(4,464)	(6,470)
Movement in foreign exchange	110	33	-	2	5	150
Closing net book value	**25,046**	**12,888**	**5,024**	**454**	**2,016**	**45,428**
Cost	44,945	24,128	5,024	839	2,726	77,662
Accumulated amortisation	(19,899)	(11,240)	-	(385)	(710)	(32,234)
Net book value	**25,046**	**12,888**	**5,024**	**454**	**2,016**	**45,428**

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5.5 PROPERTY PLANT AND EQUIPMENT

In the statement of financial position property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets is calculated using the straight-line method to allocate the difference between their original costs and their residual values over their estimated useful lives, as follows:

- Furniture & equipment 7 years
- Computer equipment 3 to 7 years
- Leasehold improvements Term of lease

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the statement of comprehensive income.

2021	FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
	NZ$000	**NZ$000**	**NZ$000**	**NZ$000**
Opening balance	**788**	**522**	**1,453**	**2,763**
Additions	28	631	4	663
Depreciation	(170)	(396)	(171)	(737)
Movement in foreign exchange	(4)	(2)	-	(6)
Net book value	**642**	**755**	**1,286**	**2,683**
Cost	2,086	4,371	2,088	8,545
Accumulated depreciation	(1,444)	(3,616)	(802)	(5,862)
Net book value	**642**	**755**	**1,286**	**2,683**

2020	FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
	NZ$000	**NZ$000**	**NZ$000**	**NZ$000**
Opening balance	**969**	**849**	**1,635**	**3,453**
Additions	22	300	2	324
Depreciation	(197)	(556)	(185)	(938)
Disposals	-	(16)	-	(16)
Movement in foreign exchange	(6)	(55)	1	(60)
Net book value	**788**	**522**	**1,453**	**2,763**
Cost	2,097	3,918	2,088	8,103
Accumulated depreciation	(1,309)	(3,396)	(635)	(5,340)
Net book value	**788**	**522**	**1,453**	**2,763**

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5.6 TRADE PAYABLES AND ACCRUALS

Gentrack Group recognises trade and other payables initially at fair value and subsequently measured at amortised cost using the effective interest method. They represent liabilities for goods and services provided prior to the end of the financial year that are unpaid. The amounts are unsecured, non-interest bearing and are usually paid within 45 days of recognition.

	2021	2020
	NZ$000	NZ$000
Trade creditors	1,929	1,803
Sundry accruals	2,584	2,102
Total trade payables and accruals	**4,513**	**3,905**

5.7 EMPLOYEE ENTITLEMENTS

Liabilities for salaries and wages, including non-monetary benefits, long service leave, and annual leave are recognised in employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Cost for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

	2021	2020
	NZ$000	NZ$000
CURRENT		
Long service leave	448	611
Other short-term employee benefits	9,087	4,941
	9,535	**5,552**
NON-CURRENT		
Long service leave	539	428
Total employee entitlements	**10,074**	**5,980**

5.8 INVENTORY

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using a weighted average method and includes expenditure incurred to purchase the inventory and transport it to its current location. Net realisable value is the estimated selling price of the inventory in the ordinary course of business less costs necessary to make the sale. The cost of inventories consumed during the year are recognised as an expense and included in expenditure in the statement of comprehensive income.

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6. CAPITAL STRUCTURE

This section outlines Gentrack Group's capital structure and details of share-based employee incentives which have an impact on Gentrack Group's equity.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Where any Gentrack Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or transferred outside Gentrack Group.

Ordinary shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

6.1 CAPITAL MANAGEMENT

The capital structure of Gentrack Group consists of equity raised by the issue of ordinary shares in the parent company.

Gentrack Group manages its capital to ensure that companies in the Group can continue as going concerns. Gentrack Group is not subject to any externally imposed capital requirements.

	SHARES ISSUED		SHARE CAPITAL	
	2021	**2020**	**2021**	**2020**
	000	**000**	**NZ$000**	**NZ$000**
Ordinary Shares	98,645	98,645	191,229	191,229
Issue of new ordinary shares	302	-	470	-
	98,947	**98,645**	**191,699**	**191,229**

During 2021 Performance Rights of 274,105 in relation to Long Term Incentive Schemes vested, resulting in the same number of new shares being issued. Also 28,389 shares were issued as part payment of Gentrack Group Directors fees.

6.2 SHARE BASED PAYMENTS

Gentrack Group operates equity settled, share-based payments schemes under which it receives services from employees, as consideration for equity instruments of Gentrack Group. A valuation is completed for each scheme at the grant date to estimate the fair value of the performance rights granted. Management also makes estimates about the number of performance rights that are expected to vest which determines the expense recorded in the statement of comprehensive income.

The fair value of the performance rights is determined at the grant date using the Black Scholes valuation method, the key input into the valuation model is the grant date share price. The fair value of the performance rights is recorded as an expense in the statement of comprehensive income over the vesting period, based on Gentrack Group's estimate of the number of performance rights that will vest, with a corresponding entry to the share-based payment reserve within equity. During the year ended 30 September 2021, $3.6m has been recognised in the statement of comprehensive income (2020: $0.3m).

During the year ended 30 September 2021, two new equity settled share-based payment schemes were introduced and additional participants were granted performance rights under the existing scheme. The existing scheme has been renamed as the Senior Leadership Long Term Incentive. The two new equity settled share-based payment schemes introduced during the year are the Gentrack Long Term Incentive Scheme and the CEO Long Term Incentive Scheme.

SENIOR LEADERSHIP LONG TERM INCENTIVE SCHEME

During the year the Gentrack Group Board approved the sixth annual grant of performance rights in the Senior Leadership Long Term Incentive Scheme, this scheme was first introduced in 2016 for selected key personnel. The scheme is intended to attract and reward key personnel to focus on long-term performance. The number of performance rights allocated is based on a percentage of salary or other such percentage and are calculated with

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6.2 SHARE BASED PAYMENTS (CONTINUED)

reference to the 10-trading day volume weighted average price (VWAP) of shares traded on the NZX based on dates indicated in the issue documentation.

The number of performance rights subject to the Earnings Per Share (EPS) hurdle that will vest after three years depends on achievement of the EPS performance hurdle. The performance hurdle is that 50% of the EPS Performance Rights will vest if EPS Compounding Annual Growth Rate (CAGR) of Gentrack Group over the three financial years is 7%, with the number of performance rights that vest increasing on a linear basis to 100% if EPS CAGR of 12% is achieved.

During 2021, 24,105 Performance Rights in the Senior Leadership Long Term Incentive vested with a weighted average vesting date share price of $2.10 per share. Below are the details of the outstanding performance rights in the Senior Leadership Long Term Incentive Scheme:

GRANT DATE	EXPIRY DATE	TOTAL VALUE OF GRANTED PERFORMANCE RIGHTS	PERFORMANCE RIGHTS GRANTED
2021		**NZ$000**	**000**
EPS SCHEMES 2018-2021			
1 October 2018	30 November 2021	310	65
1 October 2019	30 November 2022	351	160
1 April 2020	1 April 2023	1,023	769
1 October 2020	1 April 2022	973	666
1 October 2020	30 November 2023	996	682
Total Senior Leadership LTI Schemes		**3,653**	**2,342**

GRANT DATE	EXPIRY DATE	TOTAL VALUE OF GRANTED PERFORMANCE RIGHTS	PERFORMANCE RIGHTS GRANTED
2020		**NZ$000**	**000**
EPS SCHEMES 2017-2020			
1 October 2017	30 November 2020	318	55
1 October 2018	30 November 2021	411	86
1 October 2019	30 November 2022	1,055	217
1 April 2020	1 April 2023	1,364	1,026
1 August 2020	1 August 2021	28	24
Total Senior Leadership LTI Schemes		**3,176**	**1,408**

GENTRACK LONG TERM INCENTIVE SCHEME

On 24 December 2020 Gentrack Group announced the establishment of a new Long Term Incentive Scheme (Gentrack Long Term Incentive Scheme). The Gentrack Long Term Incentive Scheme has been introduced to:

- Assist with the retention of eligible employees
- Significantly increase the number of Gentrack Group employees that have a stake in Gentrack Group
- Give eligible employees a share in Gentrack Group's future performance

The participants of the Gentrack Long Term Incentive Scheme are offered Performance Rights for nil consideration, which on vesting will entitle them to receive one ordinary share in Gentrack Group. These Performance Rights will vest subject to the participants continuing to be employed by Gentrack Group at the end of the vesting period which commences 1 October 2022.

Gentrack Group issued 592,352 Performance Rights to employees under the Gentrack Long Term Incentive Scheme during 2021. 535,819 Performance Rights are outstanding at 30 September 2021 with a grant date fair value of $0.8m and an expiry date of 1 October 2022.

6.2 SHARE BASED PAYMENTS (CONTINUED)

CEO LONG TERM INCENTIVE SCHEME

Gary Miles was appointed to the role of Managing Director and Chief Executive Officer (CEO) from 1 October 2020 and included in the remuneration package are Performance Rights granted for nil consideration.

During 2021, a total of 1,248,604 Performance Rights were issued under the CEO Long Term Incentive Scheme, which 500,000 were an initial grant with 250,000 of these vesting immediately and the remaining 250,000 to vest on the one-year anniversary of starting employment with Gentrack Group. There are no vesting conditions or performance hurdles in regard to the initial grant. The remaining 748,604 Performance Rights granted are an initial annual grant and will vest at the end of a 13-month performance period, vesting subject to performance hurdles set by the Board of Directors and is aligned with initial business transformation and the financial performance during 2021.

During 2021 a total of 250,000 Performance Rights have vested with a weighted average share price on the vesting date of $1.57 per share. 998,604 Performance Rights remain outstanding at 30 September 2021, with a total grant date fair value of $1.54m and an expiry date of 31 October 2021.

PERFORMANCE RIGHTS MOVEMENTS

Below is a summary of all performance rights, granted, exercised and forfeited across all the equity settled share-based payments schemes operated by Gentrack Group during 2021:

	2021		2020	
GRANT DATE	AVERAGE EXERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS	AVERAGE EXERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS
		000		000
As at 1 October	$2.25	1,408	$4.49	268
Granted during the year	$1.49	3,253	$1.93	1,267
Exercised during the year	$1.51	(274)	-	-
Forfeited during the year	$2.08	(511)	$3.78	(127)
As at 30 September	**$1.54**	**3,876**	**$2.25**	**1,408**

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6.3 DIVIDENDS

Details of the dividends paid during the year ended 30 September 2021 are provided below:

	CENTS PER SHARE		DIVIDENDS PAID	
	2021	**2020**	**2021**	**2020**
			NZ$000	**NZ$000**
Final dividend paid	-	3.0c	-	3,004
Interim dividend paid	-		-	-
	-	**3.0c**	**-**	**3,004**

6.4 EARNINGS PER SHARE

Gentrack Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the year, excluding shares purchased and held as treasury shares.

Diluted EPS is determined by adjusting the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares on issue for the effects of the dilutive impact of potential ordinary shares, which comprise performance share rights granted to employees.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease EPS or increase the profit per share.

	2021	**2020**
Profit/(Loss) attributable to the shareholders of the company	3,189	(31,706)
Profit/(Loss) attributable to the shareholders of the company adjusted for the effect of dilution	3,189	(31,706)
Basic weighted average number of ordinary shares issued	98,761	98,645
Shares deemed to be issued for no consideration in respect of share-based payments	3,876	1,408
Weighted average number of shares used in diluted earnings per share	102,637	100,053
Basic earnings per share	$0.03	($0.32)
Diluted earnings per share	$0.03	($0.32)

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7. TAX

7.1 INCOME TAX EXPENSE

In the statement of comprehensive income, the income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

	2021	2020
	NZ$000	NZ$000
INCOME TAX EXPENSE COMPRISES:		
Current tax expense	4,965	1,676
Deferred tax expense	(2,590)	(4,237)
Tax expense/(benefit)	**2,375**	**(2,561)**

RECONCILIATION OF INCOME TAX EXPENSE

The relationship between the expected income tax expense based on the domestic effective tax rate of Gentrack Group at 28% (2020: 28%) and the reported tax expense in the statement of comprehensive income can be reconciled as follows:

	2021	2020
	NZ$000	NZ$000
Profit/(Loss) before tax	5,564	(34,267)
Taxable income	5,564	(34,267)
Domestic tax rate for Gentrack Group	28%	28%
Expected tax expense/(benefit)	1,558	(9,595)
Non-deductible expense	1,345	8,350
Foreign subsidiary company tax	(40)	1,009
Prior period adjustments	(488)	(2,325)
Actual tax expense/(benefit)	**2,375**	**(2,561)**

As at 30 September 2021 Gentrack Group has $9.4m (2020: $8.7m) of imputation credits available for use in subsequent reporting periods.

7.2 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by Gentrack Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different entities where there is an intention to settle the balance on a net basis.

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7.2 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Additional income tax expenses that arise from the distribution of cash dividends are recognised while the liability to pay the related dividend is recognised. Gentrack Group does not distribute non-cash assets as dividends to its shareholders.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefits will be realised.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Management applies judgement when reviewing current business plans and forecasts to ascertain the likelihood of future taxable profits.

The movement in temporary differences has been recognised in the statement of comprehensive income. Deferred tax has been recognised at a rate at which they are expected to be realised: 28% for New Zealand entities, 30% for Australian entities, 19% for UK entities, 22% for Denmark entities and 35% for Malta entities.

Movement in temporary timing differences during the year:

2021	OPENING BALANCE	TEMPORARY MOVEMENT RECOGNISED	CURRENCY TRANSLATION	CLOSING BALANCE
	NZ$000	**NZ$000**	**NZ$000**	**NZ$000**
Trade and other receivables	(84)	66	4	(14)
Intangible assets	(4,913)	1,631	(9)	(3,291)
Contract liabilities	871	140	(28)	983
Provisions	1,738	973	(35)	2,676
Losses carried forward	2,016	(203)	(86)	1,727
Other	24	(17)	(2)	5
Net deferred tax	**(348)**	**2,590**	**(156)**	**2,086**

2020	OPENING BALANCE	TEMPORARY MOVEMENT RECOGNISED	CURRENCY TRANSLATION	CLOSING BALANCE
	NZ$000	**NZ$000**	**NZ$000**	**NZ$000**
Trade and other receivables	(68)	(15)	(1)	(84)
Intangible assets	(7,196)	2,303	(20)	(4,913)
Contract liabilities	661	202	8	871
Provisions	1,056	673	9	1,738
Losses carried forward	1,076	944	(4)	2,016
Other	(97)	130	(9)	24
Net deferred tax	**(4,568)**	**4,237**	**(17)**	**(348)**

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8. FINANCIAL RISK MANAGEMENT

Gentrack Group is exposed to credit risk, liquidity risk and market risks which include foreign currency risk, commodity price risk and interest risk. This section details of each of these financial risks and how they are managed by Gentrack Group.

The Board of Directors has overall responsibility for the establishment and oversight of Gentrack Group's risk management framework. Gentrack Group's risk management policies are established to identify and analyse (amongst other risks) the financial risks faced by Gentrack Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Gentrack Group's activities.

8.1 CREDIT RISK

Credit risk is the risk of financial loss to Gentrack Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and it arises principally from Gentrack Group's trade receivables from customers in the normal course of business.

Gentrack Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit worthiness of a customer or counter party is determined by several qualitative and quantitative factors. Qualitative factors include external credit ratings (where available), payment history and strategic importance of customer or counter party. Quantitative factors include transaction size, net assets of customer or counter party, and ratio analysis on liquidity, cash flow and profitability.

In relation to trade receivables, it is Gentrack Group's policy that all customers who wish to trade on terms are subject to credit verification on an ongoing basis with the intention of minimising bad debts. The nature of Gentrack Group's trade receivables is represented by regular turnover of product and billing of customers based on the contractual payment terms.

Gentrack Group has an impairment provision that represents its estimate of future incurred losses in respect of trade and other receivables. The impairment provision consists of the expected credit loss provision in accordance with NZ IFRS 9 and a specific doubtful debt provision used where there is objective evidence that indicates a trade receivable is impaired.

The carrying amount of Gentrack Group's financial assets represents the maximum credit exposure as summarised in the table below:

	2021		2020	
	GROSS	IMPAIRMENT PROVISION	GROSS	IMPAIRMENT PROVISION
	NZ$000	NZ$000	NZ$000	NZ$000
Current	13,318	(348)	8,513	(38)
Past due 1-60 days	2,260	(454)	3,214	(918)
Past due 61-120 days	591	(261)	356	(178)
Past due 121-180 days	327	(315)	806	(600)
Past due over 180 days	1,926	(1,901)	2,195	(2,116)
	18,422	**(3,279)**	**15,084**	**(3,850)**

Gentrack Group's trade receivables are not exposed to any significant credit exposure to any single counterparty or group of counterparties having similar characteristics. Trade receivables consist of several customers in various geographical areas. Based on historic information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

As at 30 September 2021 there are no significant concentrations of credit risk for financial assets designated as at amortised cost or at fair value. The carrying amount reflects Gentrack Group's maximum exposure to credit risk for these financial assets.

Judgement has been applied to the recovery of all trade receivables, with management confirming that all carrying amounts are deemed to be recoverable and not impaired.

The credit risk for cash and cash equivalents is considered negligible since the counterparties are highly reputable financial intuitions with high quality external credit ratings.

8.2 MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect Gentrack Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

FOREIGN CURRENCY RISK

Gentrack Group is exposed to currency risk on transactions that are denominated in a currency other than the functional currency of Gentrack Group (NZD), primarily the following currencies Australian Dollar (AUD), Pound Sterling (GBP), EURO (EUR), US Dollar (USD), and Danish Kroner (DKK).

Gentrack Group's exposure to foreign currency risk at the reporting date was as follows (all amounts are denominated in New Zealand Dollars):

	AUD	GBP	EUR	USD	DKK
2021	**NZ$000**	**NZ$000**	**NZ$000**	**NZ$000**	**NZ$000**
Cash and cash equivalents	10,756	8,002	496	855	183
Trade and other receivables	4,503	10,074	1,493	874	1,915
Trade and other payables	(132)	(2,608)	(72)	(354)	(562)
Bank loans	-	-	-	-	-
Net exposure	**15,127**	**15,468**	**1,917**	**1,375**	**1,536**
2020					
Cash and cash equivalents	5,634	10,675	70	1,029	96
Trade and other receivables	4,790	8,874	1,056	1,369	1,521
Trade and other payables	(218)	(1,479)	(507)	(1,768)	(103)
Bank loans	-	(2,536)	-	-	-
Net exposure	**10,206**	**15,534**	**619**	**630**	**1,514**

The following table summarises the sensitivity of profit or loss and equity with regards to Gentrack Group's financial assets and financial liabilities affected by AUD/NZD exchange rate, the GBP/NZD exchange rate, the EUR/NZD exchange rate, the USD/NZD exchange rate, and the DKK/NZD exchange rate with all other aspects being equal. It assumes a +/-10% change in the NZD to the currency exchange rate for the year ended 30 September 2021 (2020: 10%). These +/-10% sensitivities have been determined based on the average market volatility in exchange rates in the preceding 12 months.

	PROFIT/EQUITY				
	AUD	GBP	EUR	USD	DKK
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
2021					
10% strengthening in NZD	(1,375)	(1,406)	(174)	(125)	(140)
10% weakening in NZD	1,681	1,719	213	153	171
2020					
10% strengthening in NZD	(928)	(1,412)	(56)	(57)	(138)
10% weakening in NZD	1,134	1,726	69	70	168

Gentrack Group's exposure to foreign exchange rates varies during the year depending on the volume of foreign currency transactions. Even so, the analysis above is representative of Gentrack Group's exposure to market risk.

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8.3 LIQUIDITY RISK

Liquidity risk is the risk that Gentrack Group will not be able to meet its financial obligations as and when they become due and payable. Gentrack Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due and payable, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Gentrack Group's reputation.

Gentrack Group has sufficient cash to meet its requirements in the foreseeable future.

The following table details Gentrack Group's contractual maturities of financial liabilities, as at the reporting date:

	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	>5 YEARS	TOTAL
	NZ$000	**NZ$000**	**NZ$000**	**NZ$000**	**NZ$000**	**NZ$000**
2021						
Bank loan	-	-	-	-	-	-
Trade payables	-	1,929	-	-	-	1,929
Financial liabilities	-	-	-	-	-	-
	-	**1,929**	**-**	**-**	**-**	**1,929**
2020						
Bank loan	-	-	2,536	-	-	2,536
Trade payables	-	1,803	-	-	-	1,803
Financial liabilities	-	-	-	-	-	-
	-	**1,803**	**2,536**	**-**	**-**	**4,339**

8.4 INTEREST RATE RISK

Gentrack Group's interest rate risk primarily arises from short term bank borrowing, cash, and advances from related parties. Borrowings and deposits at variable interest rates expose Gentrack Group to cash flow interest rate risk. Borrowings and deposits at fixed rates expose Gentrack Group to fair value interest rate risk.

The following tables detail the interest rate repricing profile and current interest rate of the interest-bearing financial assets and liabilities.

	EFFECTIVE INTEREST RATE	FLOATING	FIXED UP TO 3 MONTHS	FIXED UP TO 6 MONTHS	FIXED UP TO 5 YEARS	TOTAL
	NZ$000	**NZ$000**	**NZ$000**	**NZ$000**	**NZ$000**	**NZ$000**
ASSETS						
Bank balances	-	25,957	-	-	-	25,957
Total exposure		**25,957**	**-**	**-**	**-**	**25,957**

	EFFECTIVE INTEREST RATE +1%	EFFECTIVE INTEREST RATE -1%
	NZ$000	**NZ$000**
Bank balances	262	(262)
Total exposure	**262**	**(262)**

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8.5 FINANCIAL INSTRUMENTS

Gentrack Group's financial assets are measured at amortised cost. Gentrack Group's financial assets are held within a business model whose objective is to hold the financial asset to collect contractual cash flows and the financial asset gives rise to contractual cash flows on specified dates that are payments of principal and interest on the principal outstanding.

Gentrack Group's financial liabilities are measured at amortised cost except for contingent consideration which is required to be measured at fair value through profit and loss.

Gentrack Group's financial assets and liabilities by category are summarised as follows:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at bank and on hand and the carrying amount is equivalent to fair value.

TRADE RECEIVABLES

These assets are short term in nature and are reviewed for impairment; the carrying value approximates their fair value.

TRADE PAYABLES

These liabilities are mainly short term in nature with the carrying value approximating the fair value.

LOANS AND BORROWINGS

Loans and borrowings have a floating interest rate. Fair value is estimated using the discounted cash flow model based on current market interest rate for a similar product; the carrying value approximates their fair value.

FAIR VALUES

Gentrack Group's financial instruments that are measured after initial recognition at fair values are grouped into levels based on the degree to which their fair value is observable:

- Level 1 – fair value measurements derived from quoted prices in active markets for identical assets.
- Level 2 – fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – fair value measurements derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data.

There have been no transfers between levels or changes in the valuation methods used to determine the fair value of Gentrack Group's financial instruments during the period. As at 30 September 2021 Gentrack Group has no of level 3 financial instruments (2020: $Nil).

FINANCIAL INSTRUMENTS BY CATEGORY

	2021	2020
	NZ$000	NZ$000
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Cash and cash equivalents	25,957	19,321
Trade and other receivables	21,746	18,951
	47,703	**38,272**
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Loans and borrowings	-	(2,536)
Trade payables	(1,929)	(1,803)
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE		
Financial Liabilities	-	-
	(1,929)	**(4,339)**

9. OTHER INFORMATION

9.1 LEASE ASSETS AND LEASE LIABILITIES

RECOGNITION AND MEASUREMENT OF GENTRACK GROUP LEASING ACTIVITIES

Gentrack Group predominantly leases property for fixed periods of 1-12 years and may have extension options. These extension options are usually at the discretion of Gentrack Group and are included in the measurement of the lease asset if management intends to exercise the extension. Lease terms are negotiated on an individual basis and contain a variety of terms and conditions. However, these lease agreements do not impose any covenants.

Leases are recognised as a right of use asset (lease asset) and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The lease asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Key movements related to the lease assets and lease liabilities are presented below:

LEASE ASSETS

	2021	2020
	NZ$000	NZ$000
Balance at 1 October	10,338	12,671
Lease amendments	185	-
Depreciation charges	(2,347)	(2,350)
Exchange differences	(14)	17
Lease assets at 30 September	**8,162**	**10,338**
Property	8,156	10,302
Office equipment	6	36
Lease assets at 30 September	**8,162**	**10,338**

Office equipment includes Coffee Machines and Printer/Copiers.

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9.1 LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

LEASE LIABILITIES

	2021	2020
	NZ$000	NZ$000
Balance at 1 October	15,127	17,620
Lease amendments	185	-
Principal repayments	(2,748)	(2,457)
Exchange differences	(12)	(36)
Lease liabilities at 30 September	**12,552**	**15,127**
Less than one year	1,376	2,692
One to five years	5,486	5,229
More than five years	5,690	7,206
Lease liabilities at 30 September	**12,552**	**15,127**

LEASE EXPENSES

	2021	2020
	NZ$000	NZ$000
Depreciation charges	2,347	2,351
Finance charges	814	931
Lease expenses	**3,161**	**3,282**

9.2 AUDITORS REMUNERATION

The table below outlines the amounts paid to auditors during the year ended 30 September 2021. Gentrack Group's current Group auditor is EY after switching from KPMG at the beginning of the year.

	2021	2020
	NZ$000	NZ$000
KPMG - audit fees	86	517
KPMG - review fees	-	116
KPMG - taxation services	301	221
EY - audit fees	400	-
Entrust - audit fees	6	6
Total fees paid to auditor(s)	**793**	**860**

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9.3 KEY MANAGEMENT AND RELATED PARTIES

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of Gentrack Group, directly or indirectly, and include the Directors, the Chief Executive, their direct reports. The following table summarises remuneration paid to key management personnel.

	2021	2020
	NZ$000	NZ$000
Salaries, bonus and other benefits	4,526	4,157
Share-based payments	465	-
Directors' fees	606	386
Remuneration paid to Key Management Personnel	**5,597**	**4,543**

Gentrack Group's Directors are also directors of other companies. During the year ended 30 September 2021 no transactions have occurred between Gentrack Group and any of these companies.

Some of the Directors and key management personnel are shareholders in Gentrack Group Limited. Gentrack Group does not transact with the Directors or key management personnel, and their related parties, other than in their capacity as Directors, consultants, and employees. Refer to note 2.4 for more information on other related parties.

9.4 OTHER DISCLOSURES

CAPITAL COMMITMENTS

There are no capital commitments at 30 September 2021 (2020: $Nil).

CONTINGENCIES

ASB New Zealand has provided guarantees of $1.1m (2020: $0.9m) on behalf of the Gentrack Group, these guarantees are in place for software implementation projects, property leases and credit card programs.

EVENTS AFTER BALANCE DATE

There were no material events after balance date.

On 24 November 2021, the Gentrack Group Board determined that no final dividend will be paid out for the 2021 financial year (2020: nil).

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CORPORATE DIRECTORY

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