HANSEN

Appendix 4E

(pursuant to ASX Listing Rule 4.3A)

Financial Report for the year ended 30 June 2022

Hansen Technologies Limited

ABN 90 090 996 455

Reporting period	**30 June 2022**
Previous corresponding period	30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended 30 June (consolidated)				
	2022 $A'000s		**Movement $A'000s**	**(%)**	**2021 $A'000s**
Revenue from ordinary activities	296,545	▼	(11,185)	(4%)	307,730
Profit from ordinary activities after tax attributable to members	41,940	▼	(15,395)	(27%)	57,335
Statutory net profit after tax attributable to members	41,940	▼	(15,395)	(27%)	57,335
Underlying net profit after tax attributable to members (NPATA)[1]	58,163	▼	(14,936)	(20%)	73,099
Statutory operating profit before income tax expense	51,040	▼	(19,092)	(27%)	70,132
Add back:					
Depreciation and amortisation	42,117	▲	1,230	3%	40,887
Net foreign exchange losses	2,358	▼	(373)	(14%)	2,731
Net finance costs	4,432	▼	(1,107)	(20%)	5,539
EBITDA[2]	99,947	▼	(19,342)	(16%)	119,289
Add back: Net one-off costs and income	306	▼	(572)	(65%)	878
Underlying EBITDA[3]	100,253	▼	(19,914)	(17%)	120,167

(1) Underlying net profit after tax attributable to members excludes separately disclosed items and acquired amortisation.

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

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

Dividends

	Amount per share (cents)	**Franked amount per share (cents)**
2021 final dividend (paid 21 September 2021)	5.0	2.7
2022 interim dividend (paid 21 March 2022)	7.0	3.5
2022 final dividend (to be paid 21 September 2022)	5.0	1.5

2022 final dividend

Record date for determining entitlements to the dividend	30 August 2022
Last date for receipt of election notices for participation in the dividend or DRP	31 August 2022
Payment date	21 September 2022

The conduit foreign income component of this dividend is $7.1m.

Dividend Reinvestment Plan (DRP)

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

Net tangible assets per security

	Year ended 30 June (consolidated) 2022	2021
Net tangible assets per security	(1.8) cents	(19.5) cents

The Group's asset base has a large portion of intangible assets associated with our software and goodwill from acquisitions. These intangibles, combined with our borrowings base, resulted in net tangible asset backing per security being negative for both 30 June 2022 and 30 June 2021.

Other information

During the financial year, the Group gained control of Hansen Technologies SA and Hansen Technologies Limited Employee Share Plan Trust. Further details are disclosed in Note 25 of the attached financial report.

Additional Appendix 4E disclosure requirements can be found in the notes to the financial report and the Directors' Report for the year ended 30 June 2022. Information should be read in conjunction with Hansen Technologies Limited's 2022 Annual Report.

This report is based on the consolidated financial report for the year ended 30 June 2022 which has been audited by RSM Australia Partners with the Independent Auditor's Report included in the financial report.

HANSEN

ANNUAL REPORT 2022

Powering the Communications,
Energy & Utilities Industries
Next Digitally-Enabled Experiences

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CHAIRPERSON AND CHIEF EXECUTIVE OFFICER JOINT REPORT

We are pleased to present the Annual Report for Hansen Technologies Limited for financial year ended 30 June 2022 (FY22).

During these uncertain times where we have navigated global challenges never experienced before, Hansen is incredibly proud to deliver its results for FY22.

These solid underlying results, and our overall strong financial position, are a direct result of our people and their passion and commitment. Without them and their deep knowledge of the customers we serve, alongside our modular suite of products and solutions, we would not be able to consistently deliver value to them and to you, our shareholders. It is this combination that continues to power our ability to help our customers create and deliver new and engaging customer and service experiences across the communications, media and energy sectors; and in turn create strong and ongoing shareholder value.

Last year, as we marked the Company's 50th anniversary, we reiterated our continued confidence in our business strategy and our people in helping create success for our customers and shareholders.

We are delighted to share that in this last 12-month period we closed our largest ever new customer win with Exelon Corporation, the largest utility company in North America. This new significant win, amongst a range of other new wins and organic growth successes related to 5G, IoT, cloud transformation and the emerging energy industry, have helped Hansen to continue to forge ahead into new and expanding growth markets.

To support this growth, we have increased our talent pool in our development and delivery areas of excellence across Argentina, Vietnam and India. This has been achieved despite the challenges the industry has faced with the shortage of talented resources.

As Hansen progresses into its future, we continue to invest in advancing our products and solutions. This last year was our most significant year in terms of investing in our suite of products and solutions, as we supported many of our customers on their digital transformations. Hansen's approach of consistently putting our customers at the centre of our thinking, enables us to anticipate and power their journeys into the future.

As we closed the year, we are working towards achieving the status of Carbon Neutral Certified for our operations in Australia by Climate Active. This focus on supporting a world where we lessen our negative impacts on the environment and focus on what positive impacts we can make is a journey that we will share more on in the coming 12 months.

OUR STRATEGY

At Hansen, our vision and promise to our customers is simple - it's about helping our customers traverse challenges and opportunities of today's markets. We take on the complex and deliver software solutions that solve business-critical problems, supporting our customers for growth. We do this by partnering closely with them to understand their businesses and the expectations of their customers to help compete beyond the delivery of basic energy and communications services.

How we deliver this is through a combination of three key focuses:

- We continue to leverage our global experience and expertise;
- We continue to invest in and evolve our offerings to ensure our customers' technical journeys are on point, and cost-effective; and
- We continue to explore how we can enter new markets and new market segments, diversify our customer base and potentially expand into new industry verticals

Our emphasis on strong execution against this strategy has resulted in another very positive year for Hansen.

Our financial strength continues to be bolstered by our customer-first focus and our strong recurring revenue model. This, coupled with the positive momentum across our business, only helps reinforce the confidence we have in Hansen and our future outlook.

YEAR IN REVIEW

The ongoing strength of our performance comes in part due to the highly predictable revenues that afford strong business resilience. Yet we don't take these for granted.

While it is challenging for customers to shift and change what many consider to be mission critical infrastructure, it is a reality we don't dismiss lightly.

This is where the value of our people and their technology and sector knowledge shines through, along with our commitment to continually invest in our Hansen Suite for Energy & Communications. Our aim is to have long-term partnerships with all our customers, and we are delighted that many of these are now in the multi-decade era.

This tightness with our customers has enabled us to align closely with our Communications and Media customers around the focus in their worlds on 5G, IOT and Cloud transformations. This has resulted in strong momentum in the upgrades of many clients to the latest version of our Communications and Media modules, including many who have chosen to embrace our SaaS and cloud-native versions. These customers are quickly realising benefits that are helping take them to a next level in terms of their seamless service delivery and speed to market.

Within the Energy & Utilities sector, the focus of our customers varies across the world. In the North American region, our reputation as a strategic leader for customers in the emerging high-value community solar space continues to build. The investment by public and private companies is unprecedented as the demand for, and focus on, renewables to both curb rising living costs and to help address climate change challenges continues at pace. As even more political and consumer pressure is applied to this sustainability space, Hansen is well placed to play a central role and bring these benefits back to shareholders.

In Europe, our investment in Meter & Energy and Trade and Insight modules continues to be well received. In the past year, many multi-geography customers have undertaken initial projects with us in one market, and quickly signed on for further projects across multiple markets and multiple modules of our Hansen Suite for Energy & Utilities as the energy customers navigate the implications of the deregulated and highly competitive energy environment.

Customer-centric lens to solutions, development and investment cements long-term relationships

In the past year the focus on the customer and their worlds continued to be central to the priorities on the evolving solutions and our investments.

Increased competition for our customers from traditional and non-traditional arenas, coupled with the headwinds from political, environmental and consumer landscapes, is challenging customers to closely assess their infrastructure environments and their business-critical solutions. Time to market with data, insights and new offerings remains a key competitive lever for all customers, regardless of their sector; and the end-experience of consumers (frictionless, fast, unexpected in offerings) is paramount to their ability to compete and retain customers (or win new customers).

We have continued in our conversion to cloud-native technologies and SaaS-based structures to meet the growing demands of our customers. We have also invested significantly in ensuring our modules at least meet, if not exceed, the expectations around being standards-based. This is of particular importance in the Communications and Media sector.

Today all modules within our Communications and Media offering have cloud-native and SaaS options and we are well progressed in our plans to deliver the same for our modules in the Hansen Suite for Energy and Utilities. This provides our current and future customers with more flexibility as they navigate their own paths for their future-state needs and infrastructure requirements.

This focus is proving itself as the right one for Hansen and its shareholders. The predictability of revenue continues as we demonstrate our value as a long-term partner to our customers – yet this is just a component of our overall story. This focus has resulted in marquee customer wins and success as we both demonstrated and helped our customers upgrade and embark on significant customer transformation journeys resulting in an expansion of the Hansen Suite modules to power their core business.

Customers share with us time and time again that they come to us (and remain with us) because of the confidence they have in our solutions, and the trust they place in our people to partner with them on often complex and challenging transformation initiatives.

Exploration into new verticals and growth arenas continues

The Company is well positioned to make acquisitions, should the right opportunities be presented. Over the past year, the pipeline of opportunities has continued to be robust, yet the Company continues to be very selective around targets that have the potential to continue our history of delivering value accretive growth through acquisition.

In the FY22 year, we explored a number of opportunities and also expanded our investigation into parallel yet complementary verticals where our current expertise and modules might fit and where technology products could benefit our customers in new and different ways.

To date, none of the opportunities we assessed have met our expectations. That said, we have a rich pipeline that we continue to explore as we seek to build the Hansen family.

Strong, profitable and cash-generative year

We are pleased to once again report solid underlying organic growth in the business. When the Telefonica licence revenue for FY21 is adjusted, we have grown from an FY21 base revenue of $286.7m to $296.5m in FY22.

FINANCIALS

The Group's Financial Performance this year has been solid across all financial metrics. Excluding the recognition of a one-off $21m Telefonica licence fee in FY21, the FY22 result is particularly pleasing and highlights solid organic growth.

A$ million	FY22	FY21	Variance (%)
Operating revenue	296.5	307.7	(4%)
Underlying EBITDA (1), (2), (4)	100.3	120.2	(17%)
Underlying NPAT (4)	42.2	56.8	(26%)
Underlying NPATA (1), (3), (4)	58.2	73.1	(20%)
Basic EPS based on underlying NPATA (EPSa)(cents)(1)	29.0	36.7	(21%)

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

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

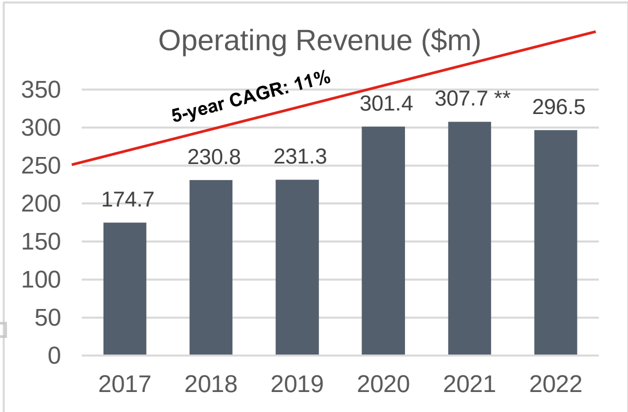
(3) NPATA is a non-IFRS term, defined as net profit after tax, excluding tax-effected amortisation of acquired intangibles.

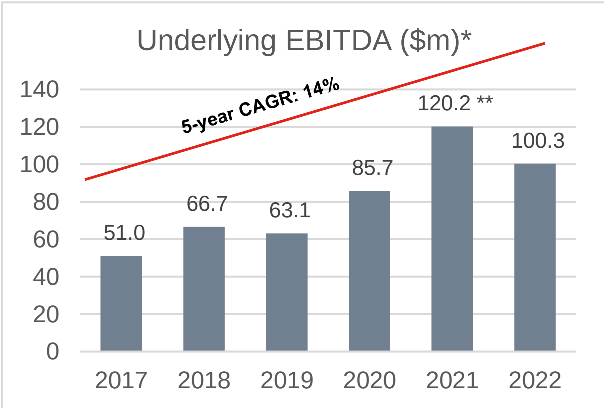
(4) Underlying EBITDA, underlying NPAT and underlying NPATA exclude separately disclosed items, which represent one-off costs and income during the period. Further details of the separately disclosed items are outlined in Note 4 to the Financial Report.

The underlying EBITDA margin was 33.8%, slightly down on the previous year (excluding Telefonica). In light of the challenges presented by a global talent shortage and inflationary pressures, the underlying EBITDA margin for the full year is a particularly robust result.

This solid financial performance is further underpinned by the Group's ability to generate cash flow from operations which was $91.2 million and free cash flow of $63.7 million after adjusting for the repayment of lease liabilities. Hansen's ability to generate cash in the current environment further underscores the strength it has enabling it to invest in its products and fund acquisitions.

In the past 10+ years, we have consistently delivered EBITDA margins greater than 25 percent. And this year, we are proud to report this is no exception.





*EBITDA is a non-IFRS term that relates to earnings before interest, tax, depreciation and amortisation and excluding net foreign exchange gains (losses). AASB 16 Leases (AASB 16) has been applied to FY17 to FY19 to reflect an estimated impact of the adoption of this standard. AASB 16 has been adopted by the Group in FY2020. Non-recurring items have been excluded from each year, where applicable.

**FY21 Operating Revenue and FY21 Underlying EBITDA includes the impact to revenue and reported EBITDA of a one-off licence revenue amount of $21m.

Investing in our future: building out the best people and culture environment

As Hansen has over 1,500 staff working in over 20 countries globally, there is no doubt that the enforced lockdowns and different ways of working have brought a myriad of challenges to the employment market. At Hansen, we value our people and work with them to understand what they need to do to deliver great outcomes and have rewarding careers with us. These last 12 months have seen us evolve and change a number of our policies to help provide an environment where our people feel connected and engaged and have choice and flexibility as to where they work.

We have purposefully not mandated a return to office, rather we have embraced the hybrid way of working as the Hansen Way Forward. We will continue to offer our people connection hubs (increasingly newer and evolved offices in more locations) to come together and work, collaborate and engage. Yet we firmly believe that by taking a more flexible approach we will retain more of our people and open up the opportunities to attract the best talent to our growing business from wherever they choose to live and work from.

As we navigate these early days of the new ways of working, we are trialing a range of new initiatives, designed to enhance communication, collaboration and engagement. We are embracing all of our communications channels to bring our people closer together and continue that strong sense of family that has long made Hansen the company it is today.

One initiative to highlight is our 50 Acts of Impact, conceived to both mark our 50th year of business and to help bring our people together and give back in local ways to causes and initiatives that matter to them. This has been positively received with individuals, teams and the entire company getting behind different Acts. We are proud to share that we are well on the way to achieving our 50 Acts by the end of the calendar year.

These changes we are making are all part of our long-term strategy to continue to be a positive destination for our people. Like with our customers, we aim to partner with our people for the long-term. We are looking forward to enabling more people to experience this aspect of Hansen as we continue to expand.

Outlook

Hansen is confident in our ability to continue to grow and evolve both our product and solution offerings and our customer portfolio. We have a strong talent pool that is a good balance of very senior and experienced professionals, and younger yet highly passionate and talented emerging leaders and professionals.

The sectors we currently serve – the Energy & Utilities and the Communications & Media sectors – are two sectors whose essential nature of services helps make them, and us, somewhat recession-proof. Rather it is the pressures they face from emerging competitors, on the political and consumer fronts and the ongoing health and conflict challenges, that necessitate that they must continue to transform at pace. And our tight integration with their business-critical technologies, coupled with our deep vertical and technology expertise, ensures we are well placed to continue strongly in these sectors.

Whilst there continue to be ongoing challenges with global inflation, wage pressure and talent acquisition, Hansen has a strong track record of both tightly managing a global cost-base and retaining talent. We are well-placed for the coming years.

As we continue to explore new growth opportunities, we have great confidence in the ability of our solutions to bring value to other sectors and for us to simultaneously gain value from the solutions that complementary sectors draw on and bring these back to our customers. This is a space we will continue to actively explore through the FY23 year.

To close, our strong balance sheet, our ability to continue to generate cash, and our steadfast focus on creating and delivering evolved solutions is enabling us to do all we want to do. Importantly it is culminating in us continuing to deliver value – value to our people, our customers and our shareholders.

We are immensely proud of our continued ability to strongly navigate the headwinds that the past two years have presented and we look forward to sharing further updates on our momentum in the coming months.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

Mr David Trude
Non-Executive Director
Chairman since 2011
Director since 2011

Age 74

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

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

Mr Andrew Hansen
Managing Director and CEO
Managing Director since 2000

Age 62

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

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

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

Mr Bruce Adams
Non-Executive Director
Director since 2000
Member of the Remuneration Committee

Age 62

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

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

Mr David Osborne
Non-Executive Director
Director since 2006
Member of the Audit and Risk Committee

Age 73

David is a Fellow of the Institute of Chartered Accountants, and a Fellow of the Australian Institute of Company Directors, with over 50 years of financial management, taxation and accounting experience in public practice.

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

Mr Don Rankin

Non-Executive Director
Director since 2019
Chair of the Audit and Risk Committee
Member of the Remuneration Committee

Age 70

Don Rankin joined the Hansen Technologies Board in 2019. He was one of the founding partners of Pitcher Partners and National Chairman of the Pitcher Partners Association for 11 years.

With over 30 years' experience advising private and family businesses across a broad range of industries, he specialises particularly in assisting clients in the management, growth and evolution of their business. Don sits on a number of Family Board Advisory Committees. For many years Don was on the board of the Victorian Chamber of Commerce and Industry and was its President for three years.

Don has a long involvement with Cottage by the Sea in Queenscliff, a charity for disadvantaged children and is its current President.

Mr David Howell

Non-Executive Director
Director since 2018
Chair of the Remuneration Committee
Member of the Audit and Risk Committee

Age 64

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

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

Ms Lisa Pendlebury

Non-Executive Director
Director since 2022
Member of the Audit and Risk Committee
Member of the Remuneration Committee

Age 47

Lisa is a highly experienced executive who has worked in the pharmaceutical, consumer products and finance industry for more than 20 years. For the last 12 years she has worked in the pharmaceutical industry at Mayne Pharma and has been an executive on the senior leadership team. Lisa has extensive experience in business development, mergers and acquisitions, corporate strategy, investor relations, financial reporting, corporate governance, remuneration and sustainability.

Lisa holds a Bachelor of Commerce and Bachelor of Science degree from the University of Melbourne. She has a CPA and holds a Graduate Diploma from the Securities Institute of Australia. She is Treasurer of EDFA, a not-for-profit organisation.

Ms Julia Chand

General Counsel and Company Secretary
Company Secretary since 2014
Age 52

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

Unless stated, no Directors of Hansen Technologies Limited held any other Directorships of listed companies at any time during the three years prior to 30 June 2022.

DIRECTORS' REPORT

The Directors present their report together with the Financial Report of the consolidated entity ("the Group"), being Hansen Technologies Limited ("the Company") and the entities it controlled for the financial year ended 30 June 2022, and Auditor's Report thereon. This Financial Report has been prepared in accordance with Australian Accounting Standards.

Principal activities

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

OPERATING AND FINANCIAL REVIEW

Review of operations

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

	2022 A$ Million	2021 A$ Million	Variance %
Operating revenue	296.5	307.7	(4%)
Underlying EBITDA(1)	100.3	120.2	(17%)
Underlying NPAT(2)	42.2	56.8	(26%)
Underlying NPATA(1)	58.2	73.1	(20%)
Basic Earnings per Share (EPS) (cents)	20.9	28.8	(27%)
Basic EPS based on underlying NPATA (EPSa) (cents) (1)	29.0	36.7	(21%)

(1) The Directors believe the information additional to IFRS measures included in the report is relevant and useful in measuring the financial performance of the Group. These include: EBITDA, NPATA and EPSa. These measures have been defined in the Chairperson and Chief Executive Officer's Joint Report on page 3.

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

In 2022 the business delivered another set of impressive results following on from the successful 2021 year. Further details on the Group's results are outlined in the Chairperson and Chief Executive Officer's Joint Report on page 1.

The Group's revenue for the financial year was $296.5m which was a decline versus 2021. However, excluding the impact of the Telefonica one-off licence revenue recognised in FY21, the organic growth rate for the business was 3.4%.

There were several notable new logo wins in the year, with the largest deal in Hansen's history closed in the financial year.

The Group has generated operating cash flows of $91.2 million, which has been used to retire net external debt of $34.0 million, fund our ongoing product development program of $15.6 million and pay dividends of $22.4 million (net of dividend reinvestments). With the Group's cash generation capabilities, Hansen remains well placed to continue to acquire mature, predictable businesses in the energy and communications sectors.

The continued challenges of COVID-19 were managed with care throughout the business and the introduction of flexible working arrangements were well received by Hansen employees. The Board and Management continue to place great emphasis on the health and safety of all employees.

Billing segment

The Billing segment represents a major part of the Group's business operations, delivering $289.0 million of revenue in 2022 (2021: $299.6 million), which translates into a 3.5% decline. Segment profit before tax was $53.6 million in 2022 (2021: $74.5 million), representing a 28.1% decrease.

Other activities

Segment revenues from other activities was $7.6 million in 2022 (2021: $8.1 million), representing a 6.2% decrease for the year. This 6.2% decrease in revenues resulted from an expected reduction in business activity associated with the Customer Care call centre. Segment profit before tax was $1.7 million for 2022 (2021: $0.9 million), representing an 88.9% increase for the year.

Significant changes in the state of affairs

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

Subsequent events

No matters have arisen between the end of the financial year and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Opportunities and Business Risks

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

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

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

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

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

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

Outlook and likely developments for FY23

After the continued success of 2022, the Group continues to focus on the strategic pillars that drive shareholder value. These include our global diversification and acquisition strategy and our ongoing investment in product roadmap. We are also expanding our talent pool to deliver on existing and new client requirements.

The Board remains confident that the Hansen approach and strategy aligns with the long term goals of both the Company and shareholders.

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

Environmental regulations and climate change

The Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws. The Group is aware of the general risks associated with climate change and continues to be committed to operating sustainably. However, the Group's operations are not significantly impacted by any environmental factors. In FY22, the Group worked towards achieving the status of Carbon Neutral Certified for the operations in Australia by Climate Active.

Corporate Governance Statement

Hansen and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Hansen has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

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

Dividends paid and declared

A final dividend of 5 cents per share has been declared, partially franked to 1.5 cents per share, comprising of a regular dividend of 5 cents per share. The final dividend was announced to the market on 24 August 2022 with payment to be made on 21 September 2022.

The amount declared has not been recognised as a liability in the accounts of the Company as at 30 June 2022.

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

- 7 cents per share partially franked to 3.5 cents interim dividend paid on 21 March 2022, totalling $13,358,530; and
- 5 cents per share partially franked to 2.7 cents final dividend paid on 21 September 2021, totalling $9,081,474.

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

Performance rights

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

Performance rights over unissued ordinary shares granted by the Company during the financial year to the KMP as part of their remuneration for the year ended 30 June 2022 are as follows:

Grant Date	Number of Rights Granted on 15 Sep 2021 (1)
Executives	
A Hansen	74,523
C Hunter	17,768
D Meade	17,524
G Taylor	18,921
Total	**128,736**

(1) The number of rights granted that will vest is conditional on achievement of annual financial and non-financial measures under the LTI plan. The above KMP will be awarded a combined total of additional 64,368 rights if they overachieve the performance measures. Refer to the Remuneration Report for further details.

There were no rights granted to the KMP over unissued ordinary shares since the end of the financial year as part of their remuneration.

All grants of rights are subject to the achievement of performance measurements.

On 29 July 2022, Cameron Hunter (Chief Operating Officer), an Executive KMP, was made redundant. In relation to his rights that have yet to vest, the Board of Directors has exercised its discretionary power under the Employee Performance Rights Plan and allowed these rights to be retained; and to vest on his termination date.

Further details regarding rights granted as remuneration are provided in the Remuneration Report.

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Shares and performance rights

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

Instrument	Plan	Grant Date	Vesting Date	Number of Rights at 30 June 2022
Rights	STI	2 Sep 2019	30 Jun 2022(1)	78,384
Rights	LTI	2 Sep 2019	30 Jun 2022(2)	646,600
Rights	STI	1 Jul 2020	30 Jun 2023(3)	594,707
Rights	LTI	1 Jul 2020	30 Jun 2023(3)	212,622
Rights	LTI	15 Sep 2021	30 Jun 2024(3)	330,473

(1) STI performance rights granted on 2 September 2019 vested on 30 June 2022. The rights were subsequently exercised on 19 August 2022.

(2) Performance rights in relation to the EPSa CAGR and TSR measures for FY20 LTI plan exceeded the required performance measurement hurdles and market conditions respectively and vested on an accelerated basis paying 150% of the entitlement on rights linked to the EPSa CAGR measure and 137% of the entitlement on rights linked to the TSR measure as on 30 June 2022. The rights were subsequently exercised on 19 August 2022.

(3) All performance rights will vest on the vesting date as indicated in the above table, subject to achievement of specific measurement criteria, except for the performance rights issued to the terminated Executive KMP, of which the Board of Directors has exercised its discretionary power under the Employee Performance Rights Plan and allowed these rights to be retained and to vest on 29 July 2022, the effective termination date. These rights were subsequently exercised on 19 August 2022.

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

Shares issued on exercise of performance rights

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

Date Issued	Number of Ordinary Shares Issued on Exercise of Performance rights
27 Aug 2021	673,268
19 Aug 2022	789,117
Total	**1,462,385**

Indemnification and insurance of Directors, officers and auditors

Indemnification

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

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

Insurance

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

No insurance premium is paid in relation to the auditors.

Rounding of amounts

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

Directors' meetings

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

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings		Independent Board Committee(3)	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Mr David Trude	12	11	-	-	-	-	10	10
Mr Bruce Adams	12	12	-	-	3	3	-	-
Mr Andrew Hansen	12	12	-	-	-	-	-	-
Mr Don Rankin	12	12	7	7	3	3	10	9
Mr David Osborne	12	12	7	7	-	-	-	-
Ms Jennifer Douglas(1)	8	7	6	5	1	1	10	9
Ms Lisa Pendlebury(2)	4	4	1	1	2	2		
Mr David Howell	12	12	7	7	3	3	10	9

(1) Jennifer Douglas resigned on 28 February 2022.

(2) Lisa Pendlebury was appointed as a Non-Executive Director on 1 March 2022.

(3) Following the withdrawal of a non-binding conditional proposal from BGH Capital Pty Ltd to acquire 100% of the outstanding shares in Hansen by way of a Scheme of Arrangement on 6 September 2021, the Independent Board Committee was dissolved.

Directors' interests in shares

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

Directors' Relevant Interests in:	Ordinary Shares of the Company	Rights over Shares in the Company
Mr David Trude	109,388	-
Mr Bruce Adams[(1)]	34,891,417	-
Mr Andrew Hansen[(1)]	35,277,917	459,868
Mr Don Rankin	25,000	-
Mr David Osborne[(1)]	35,125,448	-
Ms Lisa Pendlebury	7,419	-
Mr David Howell	33,290	-

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

Proceedings on behalf of the company

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

Directors' interests in contracts

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

Auditor's Independence Declaration

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

Non-audit services

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

	2022 $	2021 $
Amounts paid and payable to RSM Australia member firms for non-audit services:		
– taxation services	-	-
– compliance services	3,567	3,609
Sub-total	**3,567**	**3,609**
Amounts paid and payable to network firms of RSM Australia member firms for non-audit services:		
– taxation services	65,444	135,468
– compliance services	54,776	78,817
Sub-total	**120,220**	**214,285**
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	9,095	2,116
– compliance services	28,475	-
Sub-total	**37,570**	**2,116**
Total auditor's remuneration for non-audit services	**161,357**	**220,010**

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

REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present the Remuneration Report of the Group, consisting of Hansen Technologies Limited ("the Company") and its controlled entities for the 2022 financial year.

The 2022 financial year has been another particularly strong performance for Hansen. With ongoing global uncertainty, the Hansen team continued to support our customers, win new business and manage costs accordingly.

Whilst globally, organisations are experiencing challenges with talent acquisition and retention, it is with great pride that I can confirm our global management team has remained unchanged throughout the year. This is a reflection of both the culture and progressive nature of Hansen, as well as the Executive Remuneration Framework, which incentivises and recognises the efforts of our staff.

For the 2022 financial year, I am pleased to advise that all financial targets for the KMP were met. With regards to non-financial targets, the KMP achieved between 83% and 100% of the objectives. As a result, Short-Term Incentive (STI) cash-component payments were awarded to our KMP against financial and non-financial KPIs set for the year.

As we have concluded the 2022 financial year, the LTI program implemented on 2nd September 2019 completed its measurement period of three years. I am pleased to report that with the exceptional EPSa CAGR growth of 19.3% and an outperformance for the ranked TSR criteria, both LTI hurdles have been achieved over the measurement period. These measures have qualified for acceleration and will be paid out at 143.50% of the entitlement (refer to Performance outcomes outlined on page 21). The achievement of these long-term measurement targets has resulted in significant shareholder value.

The Board has made the decision in FY23 to continue the STI and LTI schemes without change. The 2023 LTI scheme has two measurement metrics measured over a three-year period, revenue CAGR growth of 12.5% and relative total shareholder return (ranked TSR). Further information about this incentive scheme is referenced on page 25 of this report.

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

Yours sincerely,

David Howell

Chair of the Remuneration Committee

OUR DETAILED REMUNERATION REPORT (AUDITED)

The Remuneration Report for the year ended 30 June 2022 outlines key aspects of our remuneration framework and has been prepared and audited in accordance with the Corporations Act 2001.

Our Remuneration Report contains the following sections:

1. Persons to whom this report applies
2. Our remuneration framework
3. How reward was linked to performance
4. Remuneration details: Executive KMP
5. FY23 Incentive Plan
6. Contractual arrangements with Executive KMP
7. Remuneration details: Non-Executive KMP
8. Share-based remuneration disclosures
9. Other transactions with KMP
10. Employee Share Trust

1. Persons to whom this report applies

The remuneration disclosures in the Report cover the following persons who were classified as the Key Management Personnel (KMP) of the Group during the 2022 financial year. KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group:

Executives[1]	
Andrew Hansen	Managing Director and Chief Executive Officer (CEO)
Cameron Hunter	Chief Operating Officer[2]
Darren Meade	Group Head of Delivery
Graeme Taylor	Chief Financial Officer

Non-Executive Directors	
David Trude	Chairperson and Independent Non-Executive Director
Jennifer Douglas	Independent Non-Executive Director (Resigned on 28 February 2022)
Lisa Pendlebury	Independent Non-Executive Director (Appointed on 1 March 2022)
David Howell	Independent Non-Executive Director
Don Rankin	Independent Non-Executive Director
Bruce Adams	Non-Executive Director
David Osborne	Non-Executive Director

(1) These executives of the Group were classified as KMP during the 2022 financial year and unless stated otherwise, were KMP for the entire year.

(2) Cameron Hunter, the Chief Operating Officer, was made redundant with effect from 29 July 2022.

At the most recent Annual General Meeting (AGM), a resolution to adopt the prior year Remuneration Report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report.

The FY21 Remuneration Report received strong shareholder support at the 2021 AGM with a vote of 94% in favour. A resolution covering the issue of rights under the LTI to the CEO also received strong support with 92% of votes in favour.

2. Our remuneration framework

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

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

(a) Remuneration governance

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

The Board has delegated to the Remuneration Committee the responsibility for reviewing and making recommendations to the Board regarding compensation arrangements for the Directors, Executive KMP and the balance of the CEO's direct reports. As at 30 June 2022, the Remuneration Committee was made up of four Non-Executive Directors: David Howell (Chair of the Remuneration Committee), Bruce Adams, Don Rankin and Lisa Pendlebury, the majority of whom are independent.

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

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

(i) Executive KMP remuneration review process

CEO

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

Remuneration Committee

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

Board

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

(ii) Non-Executive Directors remuneration review process

Non-Executive Directors' remuneration is governed by resolutions passed at a General Meeting of the Shareholders. During the AGM held on 25 November 2021, shareholders approved an increase to the Non-Executive Directors' maximum remuneration payable from $630,000 to $750,000.

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

(iii) Remuneration strategy, structure and market practice

To support the review of the 2022 remuneration framework, the Remuneration Committee has considered inputs from the CEO and the human resources department in relation to the remuneration strategy, structure and market practice. The Committee will supplement this internal advice with external specialist advice from time to time. No remuneration recommendations, as defined by the Corporations Act 2001, were provided during the year.

(b) Remuneration structure (FY22 Plan)

OBJECTIVE	COMPONENT AND FORM		ASSESSMENT
Attract and retain employees with the skills and experience associated with the role.	**Total fixed remuneration (TFR)**	Cash + non-cash benefits	**Fixed** Market data, individual experience and performance
Incentivise and reward achievement of annual performance objectives and business outcomes.	**Short-term incentive**	Cash	**Variable ("at-risk")** Annual performance based on financial and non-financial targets
Align motivations with shareholder interests and creation of long-term value.	**Long-term incentive**	Performance rights to shares (3 years)	Continuous employment, relative Total Shareholder Returns and Revenue targets

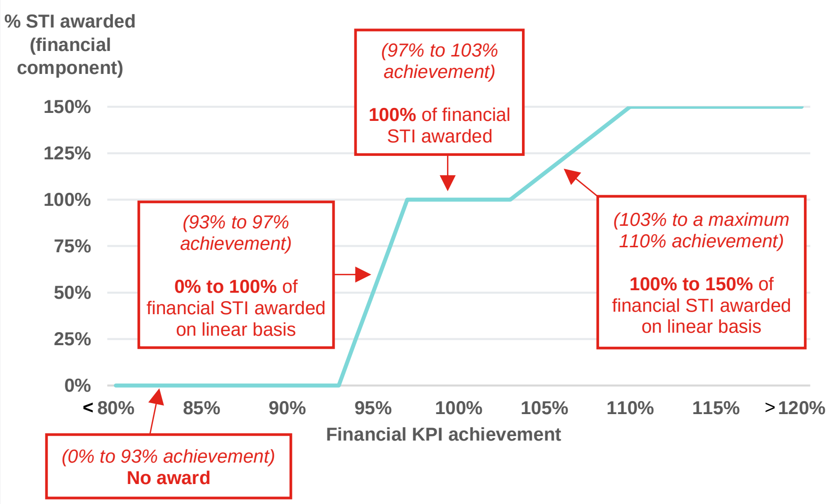
i) Total Fixed Remuneration (TFR)

TFR typically includes base salary and superannuation contributions and may include, at the discretion of the Board, other benefits such as a motor vehicle (aggregated with associated fringe benefits tax to represent the total employment cost to the Group). TFR is determined with reference to available market data, the scope of an individual's role and the qualifications and experience of the individual, as well as geographic location. TFR is reviewed annually to account for market movements and individual performance outcomes. See page 27 for a summary of Executive KMP contracts.

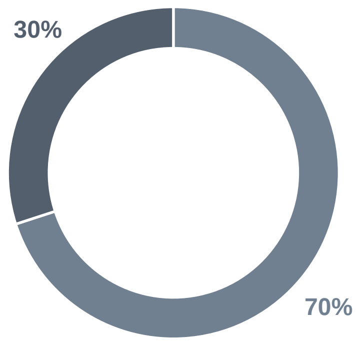
ii) FY22 Short-Term Incentive (STI) Plan

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

Financial KPIs (70% total STI)



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

How is performance measured?	Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of delivering the best possible outcome over the next 12 months given the current economic environment. Financial measures selected are measures against which management and the Board assess the short-term financial performance of the Group. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to the Group within that individual's level of responsibility. These objectives are determined by the CEO and the Board in accordance with the process set out on page 15. The weightings for each performance measure that comprise the total STI opportunity are set out below: The selection of **non-financial KPIs** varies depending on each KMP's roles and responsibilities within the Group. These may include achievement of specific strategic projects that drive the best possible outcome over the next 12 months. Each KMP may have a number of separate non-financial KPIs. Achievement of each individual's non-financial KPIs is determined by reference to an assigned performance rating determined by the CEO and the Board at the end of the financial year in accordance with the process described on page 15.  Achievement of **financial KPIs** is determined by reference to the Group's audited accounts for the measurement period. No payment is made in respect of financial KPIs to any KMP if the target amount is not met for the Group (set at 93% of budgeted revenue and EBITDA). ▪ Financial KPIs (budgeted revenues and EBITDA) ▪ Non-financial KPIs The Board retains final discretion over incentive payments to ensure outcomes appropriately reflect performance and achieve objectives of the executive incentive scheme.
What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the cash entitlements will be awarded on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the end of the measurement period, the cash component may be paid on a pro-rata basis. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.
Changes from the FY21 Enhanced STI Plan	The Board has discontinued the enhanced STI plan and has reverted to a remuneration structure to reward the Executive KMP through the STI and LTI plans. For the STI plan, all incentives will be paid in cash upon achievement of specific annual financial and non-financial KPIs. KPIs are structured in a way such that the Group will be in the best position for the next financial year, whilst being mindful of the longer term to ensure the business is optimally placed for future years.

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iii) FY22 Long-Term Incentive (LTI) Plan

Objective

To align the rewards attainable by Executive KMP with the achievement of particular long-term objectives of the Group and achievement of increasing shareholder value. Eligibility to participate in the LTI scheme is determined by the Board and is targeted at senior executives whose role contributes significantly to the performance of the Group.

How is it paid?

LTIs are awarded as performance rights on achievement of certain thresholds reflective of shareholder value delivered.

Each performance right entitles the eligible executive to be issued with a share.

How much can executives earn?

Performance rights are subject to the service and performance conditions. The target LTI benefit is set as follows:

- CEO LTI: 50% of TFR delivered as performance rights subject to vesting conditions; and
- KMP LTI: 25% of TFR delivered as performance rights subject to vesting conditions.

The number of performance rights issued is based on each Executive's target LTI benefit divided by the market value of the rights. The market value of rights granted is based on the volume-weighted average price of the Company's shares during the five-day period before grant date.

LTI benefits of up to 150% of target LTI are payable where performance criteria are exceeded.

How is performance measured?

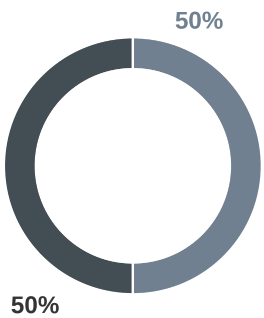
Vesting of the LTI awards are subject to the following criteria:

1. Three years of continuous employment with the Group from 1 July 2021 to 30 June 2024.
2. Achievement of the thresholds over the same three-year period as set out below.

Relative Total Shareholder Return (rTSR)

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

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



Revenue

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

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

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

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

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

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

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

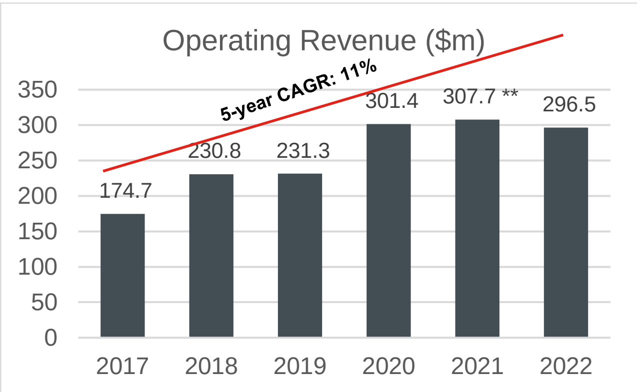
Performance rights will be forfeited if performance and market conditions are not met.

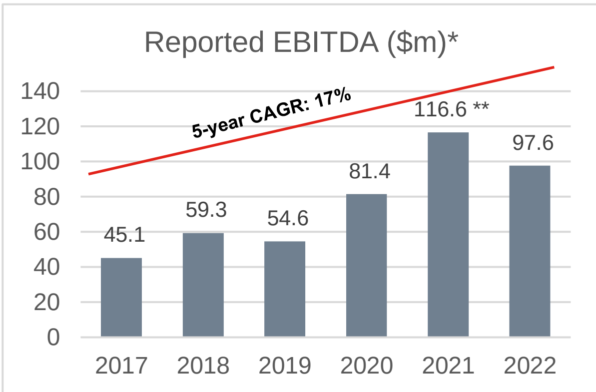
What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the unvested performance rights will vest on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the vesting of the performance rights, unvested rights may vest on a pro-rata basis according to the eligible period of time served up until the termination date at the Board's discretion. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.
Changes from FY21 Enhanced STI Plan	The Board has discontinued the enhanced STI program and has reverted to a remuneration structure to reward the Executive KMP through STI and LTI plans. For the LTI plan, all incentives will be paid through equity in the form of performance rights, which will vest and will convert to shares on achievement of thresholds reflective of shareholder value delivered. Previously, one of the financial measurement criteria was EPSa growth. The FY22 LTI scheme removes this measurement and introduces a new revenue measurement criteria based on a revenue CAGR of 12.5% metric over the measurement period.

3. How reward is linked to performance

(a) Performance against STI outcomes

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





*Reported EBITDA is a non-IFRS term that relates to Earnings before Interest, Tax, Depreciation and Amortisation.
**FY21 Operating Revenue and FY21 Reported EBITDA includes the impact to revenue and reported EBITDA of a one-off licence revenue amount of $21m.

For FY22, budget targets were established for Group Revenue and EBITDA and the STI financial payment gate was set with respect to these targets. During the year, both Group Revenue and EBITDA achieved 97% of the budget thresholds. Under the STI plan, an STI award of 100% of these financial targets was met. For the non-financial goals, between 83.3% and 100% of targets were achieved this year (refer to the table below). Refer to the operational and financial review section of the Directors' Report for further information about the Group's FY22 performance.

	FY22			FY21		
	Total Opportunity $	**Awarded 70% Financial**	**Awarded 30% KPIs**	**Total Opportunity $**	**Awarded 70% Financial(1)**	**Awarded 30% KPIs(1)**
Andrew Hansen	371,423	100.0%	83.3%	1,128,997	150.0%	100.0%
Cameron Hunter	110,696	100.0%	100.0%	276,742	150.0%	100.0%
Darren Meade	109,177	100.0%	87.5%	278,092	150.0%	100.0%
Graeme Taylor	117,881	100.0%	97.0%	300,262	150.0%	100.0%

(1) For FY2021, a portion of the incentives will be awarded as equity to all KMP, subject to a two-year deferral period during which recipients must remain employed by the Company, except for the performance rights discussed in Section 8(b)(iii).

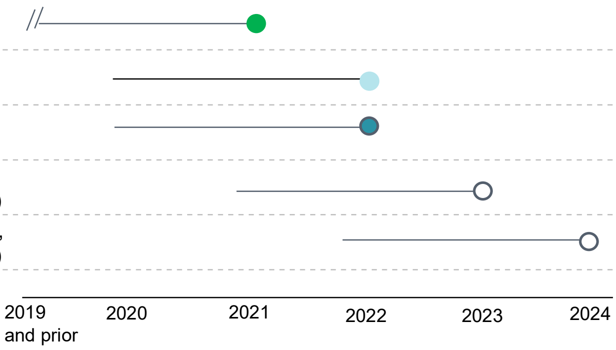
(b) Performance against equity outcomes

All existing incentive plans include equity outcomes that will continue to be measured and reported in the Group's future Remuneration Reports.

The following table sets out the different incentive plans with equity outcomes in FY22 and future financial years and their specific grant details and performance measures:

Grant date	Plan	Security	Performance measure/s	Sect. 3 ref.	Status
2 Jul 2018	FY19	Right	EPSa, rTSR, 3-yr cont. employment	(b)(i)	
2 Sep 2019	FY20	Right	2-yr cont. employment after achieving FY20 STI measures[(1)]	(b)(ii)	
2 Sep 2019	FY20	Right	EPSa, rTSR, 3-yr cont. employment	(b)(i)	
1 Jul 2020	FY21	Right	2-year cont. employment after achieving FY21 STI measures	(b)(ii), (b)(iv)	
15 Sep 2021	FY22	Right	Group Revenue, rTSR, 3-yr cont. employment	(b)(iii), (b)(iv)	

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



Key:

Measurement period

150% of EPSa-linked rights and 150% of the rTSR-linked rights vested on 27 August 2021.

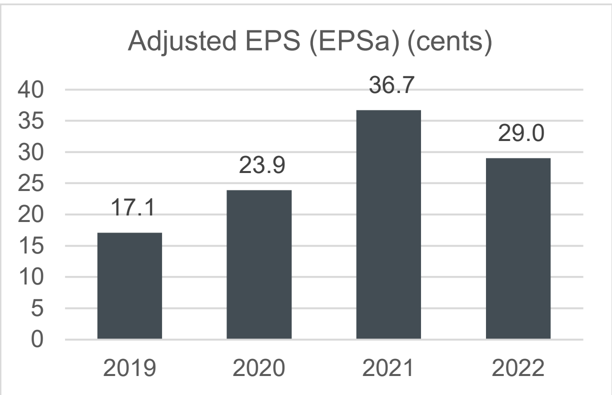
100% of the STI measure-linked rights vested on 30 June 2022.

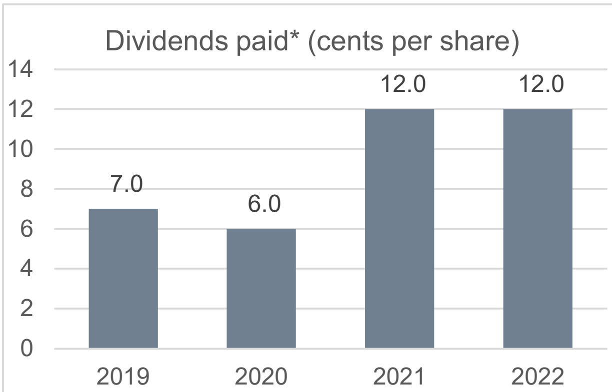
150% of EPSa-linked rights and 137% of the rTSR-linked rights vested on 30 June 2022.

Yet to vest

i. Performance against LTI plan measures (FY19 to FY20 LTI plans)

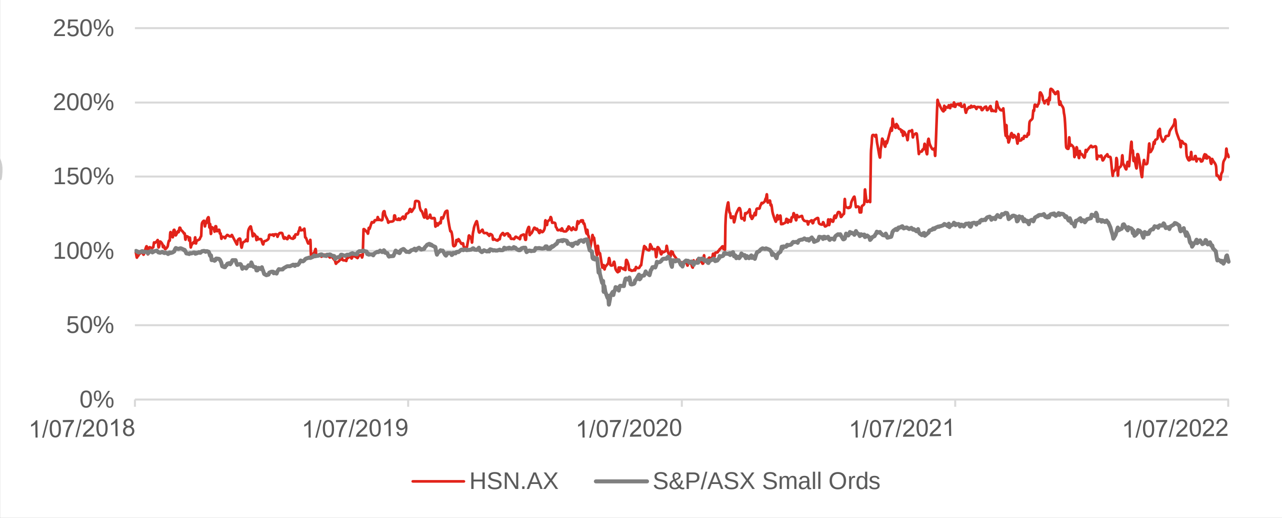
A summary of key measurement criteria of the Group's performance relevant for assessing shareholder value creation over the last four financial years is shown below:





* Amount of dividends paid represents the return on shareholder value. However, the amount of dividends paid is not in itself a performance measure included in the FY19 to FY20 plans, but is included as part of the calculation of relative TSR.

The chart below highlights the share price performance of Hansen relative to S&P/ASX Small Ordinaries Index for the previous four years:



Performance outcomes against FY19 LTI plan measures

Performance rights under the FY19 LTI plan exceeded the required performance measurement hurdles in relation to the EPSa CAGR measure and exceeded the market conditions in relation to the TSR measure. The FY19 LTI plan vested on an accelerated basis paying 150% of the entitlement on 27 August 2021.

Performance outcomes against FY20 LTI plan measures

Performance rights granted under the FY20 LTI plan exceeded the required performance measures in relation to the EPSa CAGR measure and exceeded the market conditions in relation to the TSR measure. The FY20 LTI plan vested on an accelerated basis paying 150% of EPSA-linked rights and 137% of TSR-linked rights on 30 June 2022. The performance rights were subsequently exercised on 19 August 2022.

The below table sets out the LTI performance targets and outcomes under the FY20 LTI plan framework:

Measure	Minimum target	Maximum target	Actual outcome	Outstanding rights at 1 July 2021	Additional rights that vested	Vested rights at reporting date
Relative TSR	50th percentile	75th percentile	68.7%	91,426	33,828	125,254
EPSa CAGR	6% CAGR	10% CAGR	19.3%	91,427	45,714	137,141
Total rights				**182,853**	**79,542**	**262,395**

(ii) Performance against FY20 and FY21 STI plan measures

Performance outcomes against FY20 Deferred STI plan measures

The STI financial payment gate, which was set with respect to Group Revenue and EBITDA coupled with the non-financial KPIs in the financial year ended 30 June 2020 have been achieved at 100%. The awarding of performance rights was subject to a two-year deferral period with continuous employment of all Executive KMP, except for the CEO. The FY20 STI plan vested at 100% of the entitlement on 30 June 2022. The performance rights were subsequently exercised on 19 August 2022.

Performance outcomes against FY21 enhanced STI plan measures

The STI financial payment gate, which was set with respect to Group Revenue and EBITDA coupled with the non-financial KPIs in the financial year ended 30 June 2021 have been achieved at 135%. The enhanced STI plan is based on achievement of specific annual financial and non-financial KPIs and is subject to a two-year deferral period with continuous employment of all Executive KMP. Assessment and vesting (where conditions are satisfied) will occur after completion of FY23, except for the performance rights discussed on Section 8(b)(iii).

(iii) Performance against FY22 LTI plan measures

Performance rights granted in FY22 have performance conditions attached that will be measured over three years. Assessment and vesting (where conditions are attached) will occur after the completion of FY24, except for the performance rights discussed on Section 8(b)(iii).

(iv) Performance rights granted in FY22

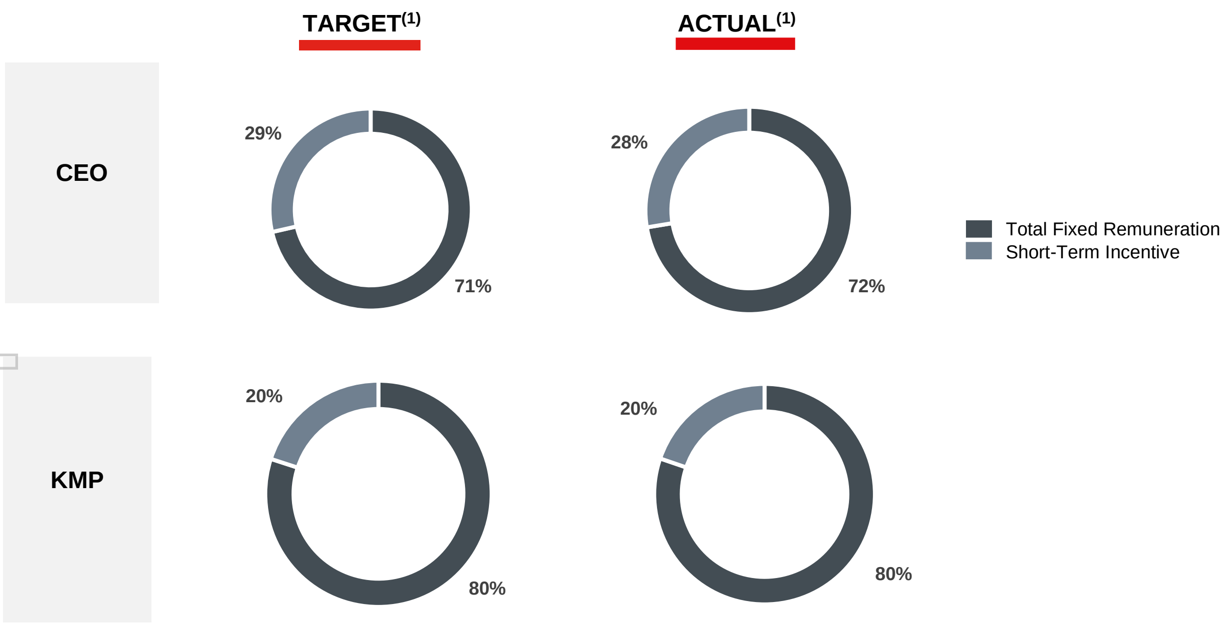
The table below sets out the value of LTI performance rights granted in FY22 LTI plan and the enhanced STI plan in FY21.

	FY22	FY21
	Value granted* $	
Deferred STI		
Andrew Hansen	-	426,379
Cameron Hunter	-	94,130
Darren Meade	-	94,589
Graeme Taylor	-	90,650
LTI		
Andrew Hansen	371,870	-
Cameron Hunter	88,662	-
Darren Meade	87,445	-
Graeme Taylor	94,416	-

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

(c) Total remuneration mix

The following diagrams set out the proportional mix of remuneration for the CEO and KMP at both the target amount and the actual remuneration achieved for FY22:



(1) Target and actual remuneration mix is calculated based on the combination of each CEO and KMP's total fixed remuneration for FY22 and the value of STIs awarded in relation to actual performance outcomes for FY22 in cash.

4. Remuneration details: Executive KMP

(a) Statutory remuneration details

Details of Executive KMP remuneration for the 2022 and 2021 financial years are set out in the table below:

		Fixed Remuneration					Variable Remuneration		Total	
Executive KMP	**Year**	**Cash Salary $**	**Super $**	**Non-monetary benefits $**	**Annual & long service leave $**	**Total $**	**STI [1][2] awarded $**	**LTI [2] fair value $**	**Total $**	**Performance related %**
Andrew Hansen	2022	895,630	27,500	30,722	44,962	998,814	544,722	386,998	1,930,534	48%
	2021	860,925	25,000	30,370	15,653	931,948	693,291	546,663	2,171,902	57%
Cameron Hunter	2022	427,863	27,500	14,444	(20,351)	449,456	205,023	135,119	789,598	43%
	2021	404,324	25,000	15,785	24,242	469,351	190,339	115,359	775,049	39%
Darren Meade	2022	421,847	27,500	-	15,464	464,811	157,305	75,831	697,947	33%
	2021	396,370	25,000	-	8,108	429,478	191,268	115,839	736,585	42%
Graeme Taylor	2022	457,272	27,500	-	4,445	489,217	166,867	76,211	732,295	33%
	2021	403,823	25,000	-	37,139	465,962	200,178	111,903	778,043	40%
Total	**2022**	**2,202,612**	**110,000**	**45,166**	**44,520**	**2,402,298**	**1,073,917**	**674,159**	**4,150,374**	**42%**
	2021	**2,065,442**	**100,000**	**46,155**	**85,142**	**2,296,739**	**1,275,076**	**889,764**	**4,461,579**	**49%**

(1) Represents STI awarded and accrued in relation to actual performance during the 2022 and 2021 financial years. This includes performance rights granted as remuneration that are valued at grant date in accordance with AASB 2 *Share-based Payment* and are amortised over the vesting period.

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

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

Performance rights issued under the Group's FY22 LTI plan during the year are subject to the service and performance criteria as described on pages 18 to 19.

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

Name and grant date	Plan	Type	Opening balance	Granted	Overachievement of performance measure	Vested and exercised	Closing balance at 30 June 2022
Andrew Hansen							
15 Sep 2021*	FY22	LTI	-	74,523	-	-	74,523
1 Jul 2020	FY21	STI(1)	157,918	-	55,271	-	213,189
2 Sep 2019	FY20	LTI(3)	119,969	-	52,187	-	172,156
2 Jul 2018	FY19	LTI(4)	148,459	-	74,230	(222,689)	-
Sub-total			426,346	74,523	181,688	(222,689)	459,868
Cameron Hunter							
15 Sep 2021	FY22	LTI	-	17,768	-	-	17,768
1 Jul 2020	FY21	STI(1)	34,863	-	12,202	-	47,065
2 Sep 2019	FY20	STI(2)	9,270	-	-	-	9,270
2 Sep 2019	FY20	LTI(3)	21,188	-	9,217	-	30,405
2 Jul 2018	FY19	LTI(4)	32,775	-	16,388	(49,163)	-
Sub-total			98,096	17,768	37,807	(49,163)	104,508(5)
Darren Meade							
15 Sep 2021	FY22	LTI	-	17,524	-	-	17,524
1 Jul 2020	FY21	STI(1)	35,033	-	12,262	-	47,295
2 Sep 2019	FY20	STI(2)	9,315	-	-	-	9,315
2 Sep 2019	FY20	LTI(3)	21,291	-	9,262	-	30,553
2 Jul 2018	FY19	LTI(4)	32,935	-	16,468	(49,403)	-
Sub-total			98,574	17,524	37,992	(49,403)	104,687
Graeme Taylor							
15 Sep 2021	FY22	LTI	-	18,921	-	-	18,921
1 Jul 2020	FY21	STI(1)	33,574	-	11,751	-	45,325
2 Sep 2019	FY20	STI(2)	8,927	-	-	-	8,927
2 Sep 2019	FY20	LTI(3)	20,405	-	8,876	-	29,281
2 Jul 2018	FY19	LTI(4)	31,563	-	15,782	(47,345)	-
Sub-total			94,469	18,921	36,409	(47,345)	102,454
Sub-total		STI(1), (2)	288,900	-	91,486	-	380,386
Sub-total		LTI(3), (4)	428,585	128,736	202,410	(368,600)	391,131
Grand Total			717,485	128,736	293,896	(368,600)	771,517

*The Board has resolved to issue 74,523 rights to Andrew Hansen, the Chief Executive Officer and an additional 37,262 rights on overachievement of targets, as part of the 2021 LTI plan issued in FY22. The issuance of these rights was approved by shareholders at the Company's Annual General Meeting on 25 November 2021. Any differences in the fair value of the performance rights between the original grant date by the Board and the date of shareholder approval is not material to the remuneration awarded.

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

(2) STI performance rights granted on 2 September 2019 represent 25% of the total short-term incentives awarded to all of the KMP, except for the CEO on achievement of specific annual financial and non-financial KPIs. The performance rights met the required specific annual and non-financial KPIs and two-year deferral period and vested at 100% on 30 June 2022. The rights have been subsequently exercised on 19 August 2022.

(3) Performance rights in relation to the EPSa CAGR and TSR measures for FY20 LTI plan exceeded the required performance measurement hurdles and market conditions, respectively and vested on an accelerated basis paying 150% of the entitlement on rights linked to EPSa CAGR measure and 137% of the entitlement on rights linked to TSR measure on 30 June 2022. The rights have been subsequently exercised on 19 August 2022.

(4) Performance rights in relation to the EPSa CAGR and TSR measures for FY19 LTI plan exceeded the required performance measurement hurdles and market conditions, respectively and vested on an accelerated basis paying 150% of the entitlement on 27 August 2021.

(5) Cameron Hunter, (Chief Operating Officer), an Executive KMP, was made redundant with effect from 29 July 2022. In relation to his rights that have yet to vest, the Board of Directors has exercised its discretionary power under the Employee Rights Plan and have allowed these rights to be retained; and to vest. Refer to Section 8(b)(iii) for further details.

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

Grant date	Vesting date	Type	Value per right at grant date	Performance achieved	% Vested	Number of Rights on 30 June 2022
2 Sep 2019	30 Jun 2022	STI(1)	$3.11	100.0%	100.0%	27,512
2 Sep 2019	30 Jun 2022	LTI(2)	$2.83	143.5%	143.5%	262,395
1 Jul 2020	30 Jun 2023	STI(3)	$2.70	135.0%	-	352,874
15 Sep 2021	30 Jun 2024	LTI	$4.99	-	-	128,736

(1) STI performance rights granted on 2 September 2019 vested on 30 June 2022. The rights were subsequently exercised on 19 August 2022.

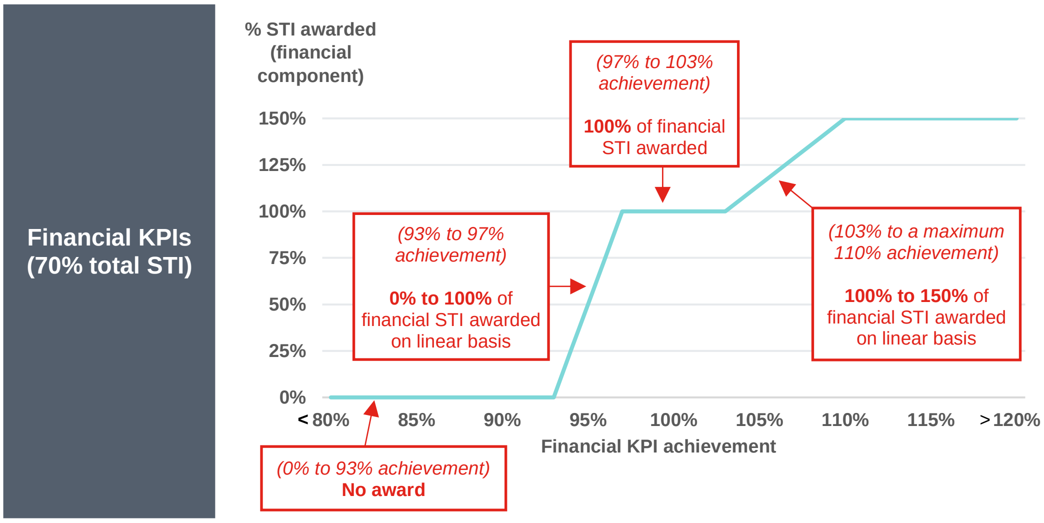
(2) Performance rights in relation to the EPSa CAGR and TSR measures for FY20 LTI plan exceeded the required performance measurement hurdles and market conditions, respectively and vested on an accelerated basis paying 150% of the entitlement on rights linked to EPSa CAGR measure and 137% of the entitlement on rights linked to TSR measure on 30 June 2022. The rights were subsequently exercised on 19 August 2022.

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

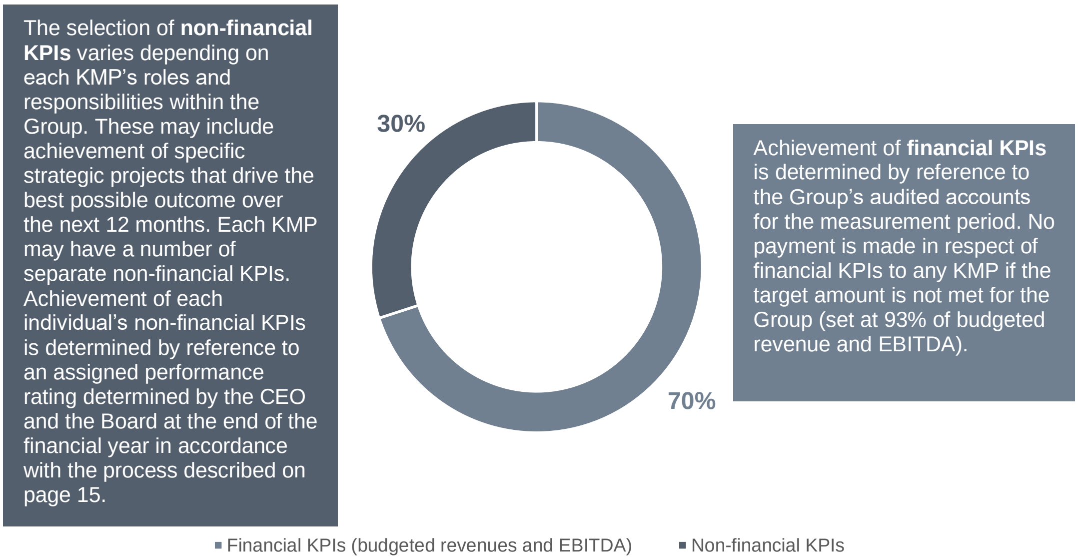
5. FY23 Incentive Plan

(a) Short-term incentive plan

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



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

How is performance measured?	Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of delivering the best possible outcome over the next 12 months given the current economic environment. Financial measures selected are measures against which management and the Board assess the short-term financial performance of the Group. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to the Group within that individual's level of responsibility. These objectives are determined by the CEO and the Board in accordance with the process set out on page 15. The weightings for each performance measure that comprise the total STI opportunity are set out below:  The Board retains final discretion over incentive payments to ensure outcomes appropriately reflect performance and achieve objectives of the executive incentive scheme.
What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the cash entitlements will be awarded on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the end of the measurement period, the cash component may be paid on a pro-rata basis. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.
Changes from the FY22 STI Plan	There have been no changes from the FY22 STI Plan.

(b) Long-term incentive plan

Objective

To align the rewards attainable by Executive KMP with the achievement of particular long-term objectives of the Group and achievement of increasing shareholder value. Eligibility to participate in the

LTI scheme is determined by the Board and is targeted at senior executives whose role contributes significantly to the performance of the Group.

How is it paid?

LTIs are awarded as performance rights on achievement of certain thresholds reflective of shareholder value delivered.

Each performance right entitles the eligible executive to be issued with a share.

How much can executives earn?

Performance rights are subject to the service and performance conditions. The target LTI benefit is set as follows:

- CEO LTI: 50% of TFR delivered as performance rights subject to vesting conditions; and
- KMP LTI: 25% of TFR delivered as performance rights subject to vesting conditions.

The number of performance rights issued is based on each Executive's target LTI benefit divided by the market value of the rights. The market value of rights granted is based on the volume-weighted average price of the Company's shares during the five-day period before grant date.

LTI benefits of up to 150% of target LTI are payable where performance criteria are exceeded.

How is performance measured?

Vesting of the LTI awards are subject to the following criteria:

1. Three years of continuous employment with the Group from 1 July 2022 to 30 June 2025.
2. Achievement of the thresholds over the same three-year period as set out below:

Relative Total Shareholder Return (rTSR)

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

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

Revenue

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

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

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

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

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

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

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

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

What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the unvested performance rights will vest on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the vesting of the performance rights, unvested rights may vest on a pro-rata basis according to the eligible period of time served up until the termination date at the Board's discretion. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.
Changes from the FY22 LTI Plan	There have been no changes from the FY22 LTI plan.

6. Contractual arrangements with Executive KMP

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

Component	Approach for CEO	Approach for other Executive KMP
Total Fixed Remuneration	$928,557	Range between $436,000 and $472,000
Contract duration	Ongoing	Ongoing
Notice by individual / company	6 months	1 month
Termination of employment (without cause)	The Board has discretion to allow some or all STI entitlements to be paid out on a pro-rata basis aligned to time, where termination occurs by way of resignation or dismissal (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board). In other forms of without cause terminations, the STI will be reduced proportionately to reflect the portion of the Measurement Period, but there is no other impact to the executive's entitlement. The Board has discretion to allow unvested LTIs to vest on a pro-rata basis aligned to time. Where this discretion is not exercised, such unvested rights will lapse.	
Termination of employment (with cause)	STI is forfeited. All unvested LTIs are forfeited. All vested but unexercised LTIs are forfeited.	

7. Remuneration details: Non-Executive KMP

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

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

The Non-Executive Director fee pool currently has a maximum value of $750,000 per annum, as approved by shareholders at the 2021 AGM and received strong support with a vote of 99.7% in favour.

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

	2022 ($)	2021 ($)
Board fees		
Chairman	149,800	140,000
Other Non-Executive Directors	84,800	80,000
Committee fees		
Audit and Risk Committee – chair	9,000	9,000
Audit and Risk Committee – member	5,000	5,000
Remuneration Committee – chair	9,000	9,000
Remuneration Committee – member	5,000	5,000

		Fixed Remuneration			
Non-Executive Director	**Year**	**Salary and Fees ($)**	**Super ($)**	**Non-monetary benefits ($)**	**Total ($)**
David Trude	2022	149,818	14,982	-	164,800
	2021	122,526	11,640	-	134,166
Bruce Adams	2022	88,454	8,845	-	97,299
	2021	73,364	6,969	-	80,333
Jennifer Douglas(1)	2022	71,091	7,109	-	78,200
	2021	77,930	7,403	-	85,333
Lisa Pendlebury(2)	2022	25,697	2,570	-	28,267
Don Rankin	2022	103,454	10,345	-	113,799
	2021	83,866	8,437	-	92,303
David Osborne	2022	88,454	8,845	-	97,299
	2021	73,364	6,969	-	80,333
David Howell	2022	117,091	11,709	-	128,800
	2021	81,583	7,750	-	89,333
Total	**2022**	**644,059**	**64,405**	**-**	**708,464**
	2021	**512,633**	**49,168**	**-**	**561,801**

(1) Jennifer Douglas resigned on 28 February 2022.

(2) Lisa Pendlebury was appointed as a Non-Executive Director with effect from 1 March 2022.

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8. Share-based remuneration disclosures

(a) Shareholdings of KMP

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

	Balance 30 June 2021	Received during the year on exercise of Performance rights	Other changes during the year	Balance 30 June 2022
Non-Executive Directors				
David Trude	107,056	-	2,332	109,388
Bruce Adams[(1)]	34,891,417	-	-	34,891,417
Jennifer Douglas[(2)]	16,000	-	(16,000)	-
Lisa Pendlebury[(3)]	-	-	7,419	7,419
Don Rankin	25,000	-	-	25,000
David Osborne[(1)]	35,125,448	-	-	35,125,448
David Howell	33,290	-	-	33,290
Executive KMP				
Andrew Hansen [(1)]	35,055,228	222,689	-	35,277,917
Cameron Hunter	1,223,059	49,163	2,191	1,274,413
Darren Meade	198,147	49,403	(97,357)	150,193
Graeme Taylor	188,699	47,345	8,170	244,214
Joint interest[(1)]	(69,478,226)	-	-	(69,478,226)
Total	**37,385,118**	**368,600**	**(93,245)**	**37,660,473**

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

(2) Jennifer Douglas resigned on 28 February 2022.

(3) Lisa Pendlebury was appointed as a Non-Executive Director with effect from 1 March 2022.

(b) Shares issued on exercise of performance rights

On 24 June 2022, the Group established the Hansen Technologies Limited Employee Share Plan Trust (Trust) to hold shares for satisfaction of rights under existing and future equity awards plans. The establishment of the Trust impacts FY20 LTI and STI equity awards plans onwards. Refer to Section 10 for further details.

(i) FY19 LTI plan

During the financial year, the FY19 plan vested. The performance rights were exercised on 27 August 2021. A total of 368,600 shares were issued to the Executive KMP on that date. Refer to Section 3(b)(i) Performance outcomes against FY19 LTI plan measures.

The share price as at the exercise date, 27 August 2021 was $6.21 per share.

The below table sets out the value of performance rights under FY19 (2018) LTI plan that were exercised.

	Number of shares issued	Value exercised* $
Andrew Hansen	222,689	1,382,899
Cameron Hunter	49,163	305,302
Darren Meade	49,403	306,793
Graeme Taylor	47,345	294,012

*Represents the intrinsic value of performance rights that were exercised during the financial year 2022, which is the value of shares at the date of the exercise.

(ii) FY20 LTI and STI plan

On 30 June 2022, the FY20 plan vested. The performance rights were subsequently exercised on 19 August 2022. A total of 289,907 shares were issued to the Executive KMP on that date. Refer to Section 3(b)(i) Performance outcomes against FY20 LTI plan measures and Section 3(b)(ii) Performance outcomes against FY20 STI plan measures.

The share price as at the exercise date, 19 August 2022 was $5.84 per share.

The below table sets out the value of performance rights under FY20 LTI and STI plan that were exercised.

	Number of shares issued	Value exercised* $
STI		
Cameron Hunter	9,270	54,137
Darren Meade	9,315	54,400
Graeme Taylor	8,927	52,134
LTI		
Andrew Hansen	172,156	1,005,391
Cameron Hunter	30,405	177,565
Darren Meade	30,553	178,430
Graeme Taylor	29,281	171,001

*Represents the intrinsic value of performance rights that were exercised during the financial year 2022 up to the date of the remuneration report, which is the value of shares at the date of the exercise.

(iii) Performance rights exercised under the discretion of the Board of Directors

On 29 July 2022, Cameron Hunter (Chief Operating Officer), an Executive KMP, was made redundant. In relation to his rights that have yet to vest, the Board of Directors has exercised its discretionary power under the Employee Rights Plan and allowed these rights to be retained; and to vest. These rights were exercised on 19 August 2022 and the below table sets out the value of these rights:

	Number of shares issued	Value exercised* $
FY21 Enhanced STI Plan	47,065	274,860
FY22 LTI Plan	17,768	103,765

*Represents the intrinsic value of performance rights that were exercised during the financial year 2022 up to the date of the remuneration report, which is the value of shares at the date of the exercise.

9. Other transactions with KMP

Rental agreements with the CEO and other KMP

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

The total lease and rental payments during the 2022 financial year related to these arrangements were $1,727,990.

Bruce Adams and David Osborne have a joint indirect interest in the entity that is a lessor to the Melbourne and South Melbourne arrangements as described above.

The properties leased in South Melbourne and the Group's Melbourne head office have been sold to non-related parties on 17 June 2022 and on 29 July 2022, respectively. From these dates onwards, transactions relating to these leased properties have ceased to be related party transactions of the Group.

The terms and conditions of the lease arrangements remain unchanged during the financial year.

10. Employee Share Trust

Hansen Technologies Limited Employee Share Plan Trust (the Trust) was established on 24 June 2022 as a sole purpose trust for the purpose of holding shares for the satisfaction of rights under existing and future equity awards plans. The Trust provides Hansen with greater flexibility to accommodate the incentive arrangements of Hansen both now and into the future as the group continues to expand its operations. The Trust will help manage capital requirements, in that the Trust can use the contributions made by Hansen either to acquire shares in Hansen on market, or alternatively to subscribe for new shares in Hansen. In addition, the Trust provides an arm's length vehicle through which shares in Hansen can be acquired and held in Hansen on behalf of employees and allows Hansen to satisfy Corporations Law requirements relating to companies dealing in their own shares as well as assisting with management of insider trading restrictions. Pacific Custodians Pty Limited, an independent third party, is the Trustee of the Trust, and will operate the Trust in accordance with Hansen Technologies Limited Employee Share Plan Trust Deed.

Signed in accordance with a resolution of the Directors.

David Trude
Director

Andrew Hansen
Director

Melbourne

24 August 2022

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hansen Technologies Limited and its controlled entities for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

24 August 2022
Melbourne, Victoria

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Operating revenue	3	296,545	307,730
Other income	3	848	2,552
Total revenue and other income		**297,393**	**310,282**
Employee benefit expenses	5	(154,923)	(149,046)
Depreciation expense	5	(9,973)	(9,834)
Amortisation expense	5	(32,144)	(31,053)
Property and operating rental expenses	5	(3,635)	(3,657)
Contractor and consultant expenses		(5,707)	(6,364)
Software licence expenses		(2,168)	(2,573)
Hardware and software expenses		(19,663)	(16,964)
Travel expenses		(1,086)	(343)
Communication expenses		(1,888)	(2,246)
Professional expenses		(4,954)	(5,378)
Finance costs on borrowings	5	(3,641)	(4,647)
Finance costs on lease liabilities	5	(854)	(911)
Foreign exchange losses	5	(2,358)	(2,731)
Other expenses		(3,359)	(4,403)
Total expenses		**(246,353)**	**(240,150)**
Profit before income tax expense		51,040	70,132
Income tax expense	6(a)	(9,100)	(12,797)
Net profit after income tax expense		**41,940**	**57,335**
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit and loss			
Net gain on hedges of net investments	22(a)	26	428
Exchange differences on translation of foreign entities, net of tax	22(a)	2,405	(4,720)
Other comprehensive income/(expense) for the year, net of tax		**2,431**	**(4,292)**
Total comprehensive income for the year		**44,371**	**53,043**
Basic earnings (cents) per share attributable to ordinary equity holders of the Company	7	20.9	28.8
Diluted earnings (cents) per share attributable to ordinary equity holders of the Company	7	20.6	28.5

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 39 to 92.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	8	59,631	52,138
Receivables	9	56,010	77,413
Accrued revenue	3(a)(ii)	21,657	24,303
Current tax receivable		2,924	-
Other current assets	10	9,048	11,932
Total current assets		149,270	165,786
Non-current assets			
Plant, equipment & leasehold improvements	11	14,444	12,590
Intangible assets	12	344,475	356,153
Right-of-use assets	13(a)	12,968	16,157
Deferred tax assets	6(b)	7,781	9,404
Other non-current assets	10	1,889	1,091
Total non-current assets		381,557	395,395
Total assets		**530,827**	**561,181**
Current liabilities			
Payables	14	23,989	37,224
Borrowings	19	-	117,507
Lease liabilities	13(b)	5,662	5,552
Current tax payable		-	10,983
Provisions	15, 16	14,990	16,352
Unearned revenue	3(a)(ii)	36,821	35,108
Total current liabilities		81,462	222,726
Non-current liabilities			
Deferred tax liabilities	6(b)	35,588	38,038
Borrowings	19	87,912	-
Lease liabilities	13(b)	8,213	11,322
Provisions	15, 16	514	523
Unearned revenue	3(a)(ii)	4,030	53
Total non-current liabilities		136,257	49,936
Total liabilities		**217,719**	**272,662**
Net assets		**313,108**	**288,519**
Equity			
Share capital	20	146,857	145,224
Foreign currency translation reserve	22(a)	7,536	5,105
Share-based payments reserve	22(b)	10,629	7,971
Retained earnings	22(c)	148,086	130,219
Total equity		**313,108**	**288,519**

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 39 to 92.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2021		**145,224**	**13,076**	**130,219**	**288,519**
Net profit after income tax expense for the year	22(c)	-	-	41,940	41,940
Net gain on hedges of net investments	22(a)	-	26	-	26
Exchange differences on translation of foreign entities, net of tax	22(a)	-	2,405	-	2,405
Total comprehensive income for the year		**-**	**2,431**	**41,940**	**44,371**
Transactions with owners in their capacity as owners:					
Share-based payment expense – performance rights	17(e)	-	2,437	-	2,437
Tax associated with employee share-based plans	6(b)(iv)	-	221		221
Equity issued under dividend reinvestment plan	20(b)	1,633	-	-	1,633
Dividends declared	22(c)	-	-	(24,073)	(24,073)
Total transactions with owners in their capacity as owners		**1,633**	**2,658**	**(24,073)**	**(19,782)**
Balance as at 30 June 2022	20, 22	**146,857**	**18,165**	**148,086**	**313,108**

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

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 39 to 92.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		353,917	292,438
Payments to suppliers and employees		(235,627)	(182,914)
Interest received	3	63	19
Finance costs on borrowings	5	(2,049)	(3,081)
Finance costs on lease liabilities	5, 13(b)	(854)	(911)
Income tax paid		(24,219)	(12,342)
Net cash provided by operating activities	8(a)	**91,231**	**93,209**
Cash flows from investing activities			
Payments for plant, equipment and leasehold improvements	11	(6,015)	(4,927)
Proceeds from disposal of non-financial assets		105	-
Payments for capitalised software development costs	12	(15,604)	(12,079)
Net cash used in investing activities		**(21,514)**	**(17,006)**
Cash flows from financing activities			
Proceeds from options exercised	20(b)	-	2,363
Repayment of borrowings	19(b)	(33,974)	(41,673)
Repayment of lease liabilities	13(d)	(5,996)	(6,130)
Dividends paid, net of dividend re-investment	21	(22,440)	(21,948)
Net cash used in financing activities		**(62,410)**	**(67,388)**
Net increase in cash and cash equivalents		**7,307**	**8,815**
Cash and cash equivalents at beginning of year		52,138	44,492
Effects of exchange rate changes on cash and cash equivalents		186	(1,169)
Cash and cash equivalents at end of the year	8	**59,631**	**52,138**

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 39 to 92.

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SECTION A: BASIS OF PREPARATION

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

1. Basis of preparation

(a) Basis of preparation of the Financial Report

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

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

This Financial Report was authorised for issue by the Directors on 24 August 2022.

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

Compliance with IFRS

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Significant accounting estimate and judgement	Note	Page reference
Provision for expected credit losses of trade receivables	9	57
Capitalisation of research and development costs	12	61
Impairment of goodwill	12	62
Impairment of non-financial assets other than goodwill	12	62
Determining the lease term of contracts with renewal and termination options – Group as a lessee	13	67
Estimating the incremental borrowing rate	13	67
Share-based payments	17	74

(b) Principles of consolidation

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

1. Basis of preparation (continued)

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

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

(c) Comparatives

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

(d) Rounding amounts

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

(e) Going concern

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

SECTION B: PERFORMANCE

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

2. Segment information

(a) Description of segments

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

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

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

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

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

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

(b) Segment information

2022	Billing $'000	Other $'000	Total $'000
Segment revenue			
Total segment revenue	288,955	7,590	296,545
Revenue from external customers	**288,955**	**7,590**	**296,545**
Segment profit			
Total segment profit	53,558	1,724	55,282
Segment profit from core operations	**53,558**	**1,724**	**55,282**
Items included within the segment profit:			
Depreciation expense	7,961	99	8,060
Amortisation expense	31,889	6	31,895
Total segment assets	**459,032**	**8,535**	**467,567**
Additions to non-current assets(1)	21,619	-	21,619
Total segment liabilities	**214,357**	**2,992**	**217,349**

(1) This includes additions to intangible assets and plant, equipment and leasehold improvements, see Notes 11 and 12.

2. Segment information (continued)

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

(1) This includes additions to intangible assets and plant, equipment and leasehold improvements, see Notes 11 and 12.

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

	Note	2022 $'000	2021 $'000
Segment revenue	3	296,545	307,730
Total operating revenue		**296,545**	**307,730**

Geographical segments

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

The Group's business segments operate geographically as follows:

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

Product segments

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

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

2. Segment information (continued)

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

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

2022	Billing $'000	Other $'000	Total $'000
Products			
Licence, support and maintenance	165,591	5,740	171,331
Services	121,939	1,818	123,757
Hardware and software sales	784	-	784
Other revenue	641	32	673
Total revenue from contracts with customers	**288,955**	**7,590**	**296,545**
Revenue by market vertical			
Energy	141,542	1,579	143,121
Communications	147,413	32	147,445
Other	-	5,979	5,979
Total revenue from contracts with customers	**288,955**	**7,590**	**296,545**
Revenue by geographic segment			
APAC	49,881	6,026	55,907
Americas	66,300	1,564	67,864
EMEA	172,774	-	172,774
Total revenue from contracts with customers	**288,955**	**7,590**	**296,545**
Timing of revenue recognition			
Goods and services transferred at a point in time	38,051	33	38,084
Services transferred over time	250,904	7,557	258,461
Total revenue from contracts with customers	**288,955**	**7,590**	**296,545**

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

2. Segment information (continued)

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

	Note	2022 $'000	2021 $'000
Segment profit from core operations		55,282	75,389
Interest income	3	63	19
Unallocated depreciation and amortisation		(2,162)	(1,074)
Separately disclosed items impacting profit	4	(306)	(878)
Other expense		(1,837)	(3,324)
Profit before income tax		51,040	70,132
Income tax expense		(9,100)	(12,797)
Net profit after income tax expense		**41,940**	**57,335**

All separately disclosed items have not been allocated to the Billing Segment as they are not directly attributable to the segment.

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

	2022 $'000	2021 $'000
Segment assets	467,567	508,625
Unallocated assets		
– Cash	59,631	52,138
– Other	3,629	418
Total unallocated assets	63,260	52,556
Total assets	**530,827**	**561,181**

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

	2022 $'000	2021 $'000
APAC	57,240	54,338
Americas	205,758	206,786
EMEA	118,545	133,887
Unallocated assets	14	384
Total non-current assets	**381,557**	**395,395**

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

	2022 $'000	2021 $'000
Segment liabilities	217,349	269,634
Unallocated liabilities		
– Other	370	3,028
Total unallocated liabilities	370	3,028
Total liabilities	**217,719**	**272,662**

3. Revenue and other income

	Note	2022 $'000	2021 $'000
Operating revenue			
Revenue from contracts with customers	2(b)(i)	296,545	307,730
Total operating revenue		**296,545**	**307,730**
Other income			
From operating activities			
Interest income	2(b)(iii)	63	19
Profit from sale of non-financial assets	8(a)	55	-
Other income		730	2,533
Total other income		**848**	**2,552**
Total revenue and other income		**297,393**	**310,282**

(a) AASB 15 Revenue from Contracts with Customers

(i) Performance obligations

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

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at 30 June 2022, is $103,377,000 (2021: $104,010,000). This amount mostly comprises obligations in our long-term contracts to provide software or “software-as-a-service” (SaaS), support and maintenance, open long-term professional services contracts as well as licences contracted but not yet earned as the licence has not yet been deployed. A portion of this amount is expected to be recognised as revenue beyond the next 12 months following the respective consolidated statement of financial position date. This estimation is judgemental, as it needs to consider estimates of possible future contract modifications. The amount of transaction price allocated to the remaining performance obligations, and changes in this amount over time, are impacted by, among others, currency fluctuations and the remaining contract period of our billing solution agreements (which, in some cases, are contracted until 5 years after the consolidated statement of financial position date).

(ii) Contract balances

	2022 $'000	2021 $'000
Asset: Accrued revenue	21,657	24,303
Liability: Unearned revenue (current)	36,821	35,108
Liability: Unearned revenue (non-current)	4,030	53

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

Revenue recognised in the current financial year that was included in unearned revenue at the beginning of the current financial year was $31,639,000 (2021: $24,370,000), representing support and maintenance, professional services, software and SaaS delivered during the financial year.

(b) Government grants

Included in “Other income” during the financial year is $280,000 (2021: $493,000) of government grants received to compensate for eligible employee expenditure related to research activities performed in Norway and in the United Kingdom. In the previous financial year, separately, a total amount of $516,000 related to government subsidies were received in Canada. There was no such amount received in the current financial year. There were no unfulfilled conditions or contingencies attached to these grants.

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3. Revenue and other income (continued)

Significant accounting policies

Revenue

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

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

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

(i) **Licence, support and maintenance revenue**

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

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

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

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

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

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

(ii) **Services revenue**

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

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3. Revenue and other income (continued)

Significant accounting policies

(ii) **Services revenue (continued)**

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract, and by reference to any contracted milestones achieved, such as customer acceptance of the final specification.

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

(iii) **Hardware/software sales revenue**

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

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

(iv) **Other revenue**

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

(v) **Financing components**

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

(vi) **Presentation and disclosure**

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

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

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

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

In disclosing the amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations, the Group has elected to use the practical expedient available in AASB 15 and disclose only the amounts allocated to performance obligations for contracts with original expected duration of more than one year and for contracts where the Group’s right to consideration from a customer does not correspond directly with the value to the customer of the Group’s performance completed to date.

Interest income

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

3. Revenue and other income (continued)

Significant accounting policies

Sales tax (including GST and VAT)

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

The net amount of GST/VAT recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

Government grants

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

4. Separately disclosed items

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

	Note	2022 $'000	2021 $'000
Increase to profit before tax			
Non-recurring income			
Gain on final settlement of an acquisition		-	1,162
Decrease to profit before tax			
Non-recurring expenses			
Other one-off costs		(306)	(2,040)
Total separately disclosed items	2(b)(iii)	**(306)**	**(878)**

Non-recurring income

The Group has not recognised any non-recurring income for the financial year ended 30 June 2022. In the previous financial year, the Group recognised a gain on final settlement of the most recent acquisition and was presented within 'Other income' in the Group's consolidated statement of comprehensive income.

Non-recurring expenses

For the financial year ended 30 June 2022, the Group recognised professional fees of $306,000 in relation to the non-binding conditional proposal from BGH Capital Pty Ltd (BGH Capital) to acquire 100% of the outstanding shares in Hansen by way of a Scheme of Arrangement. The proposal was withdrawn by BGH Capital on 6 September 2021. These costs have been included within the 'Professional expenses' account in the Group's consolidated statement of comprehensive income.

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

(a) Reconciliation with Group statutory measures

	2022 $'000	2021 $'000
Underlying EBITDA	100,253	120,167
Less separately disclosed items	(306)	(878)
EBITDA(1)	**99,947**	**119,289**
Underlying net profit after tax before acquired amortisation, net of tax(2)	58,163	73,099
Less acquired amortisation, net of tax	(16,010)	(16,251)
Underlying net profit after tax(3)	42,153	56,848
Less separately disclosed items	(306)	(878)
Tax effect of separately disclosed items	93	1,365
Net profit after tax	**41,940**	**57,335**

(1) EBITDA is a non-IFRS term, defined as earnings before interest, tax, depreciation and amortisation, and excluding net foreign exchange gains (losses).
(2) Underlying net profit after tax, before acquired amortisation, net of tax, or underlying NPATA, excludes separately disclosed items, which represent one-off costs incurred during the financial year and acquired amortisation, net of tax.
(3) Underlying net profit after tax or underlying NPAT excludes separately disclosed items, which represent the one-off costs during the financial year.

5. Profit from continuing operations

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

	Note	2022 $'000	2021 $'000
Employee benefit expenses			
Wages and salaries		143,129	138,329
Superannuation costs		9,357	8,150
Share-based payments and employee share plan expensed	8(a)	2,437	2,567
Total employee benefit expenses		**154,923**	**149,046**
Depreciation expense			
Plant, equipment and leasehold improvements	11	3,919	3,714
Right-of-use assets	13(a)	6,054	6,120
Total depreciation of non-current assets	8(a)	**9,973**	**9,834**
Amortisation of non-current assets			
Technology and other intangibles	12	20,602	20,880
Software development costs	12	11,542	10,173
Total amortisation of non-current assets	8(a)	**32,144**	**31,053**
Property and operating rental expenses			
Other property-related expenses		3,635	3,657
Total property and operating rental expenses		**3,635**	**3,657**
Finance costs			
Finance costs on borrowings			
Prepaid borrowing costs	8(a),19(b)	1,592	1,566
Net finance costs on borrowings		2,049	3,081
Finance costs on lease liabilities	13(c)	854	911
Total finance costs		**4,495**	**5,558**
Net foreign exchange losses			
Realised foreign exchange losses		770	1,553
Unrealised foreign exchange losses	8(a)	1,588	1,178
Total net foreign exchange losses		**2,358**	**2,731**

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6. Income tax

(a) Components of income tax expense

	Note	2022 $'000	2021 $'000
Current tax expense		11,339	17,754
Movement in deferred tax relating to income tax expense	6(b)(iv)	(606)	(4,838)
Over provision in prior years		(1,633)	(119)
Total income tax expense		**9,100**	**12,797**

The prima facie tax payable on profit before income tax reconciled to the income tax expense is as follows:

		2022 $'000	2021 $'000
Prima facie income tax payable on profit before income tax at 30%		15,312	21,040
Add/(less) tax effect of:			
Impact of tax rates on foreign subsidiaries		(3,140)	(3,440)
Research and development allowances		(431)	(83)
Non-deductible share-based payments		(341)	494
Non-assessable income		-	(763)
Over provision in prior years		(1,633)	(119)
Utilisation of prior year tax losses not brought to account		(1,379)	(2,253)
Deferred tax not previously brought to account		-	(947)
Change in tax rate during the financial year		18	-
Amortisation of acquired intangibles		286	(447)
Other non-allowable items		408	(685)
Income tax expense attributable to profit		**9,100**	**12,797**

(b) Deferred tax

	Note	2022 $'000	2021 $'000
Deferred tax asset	6(b)(i)	7,781	9,404
Deferred tax liability	6(b)(ii)	(35,588)	(38,038)
Net deferred tax		**(27,807)**	**(28,634)**

(i) Deferred tax asset

The deferred tax asset balance comprises of the following items:

	Note	2022 $'000	2021 $'000
Difference in depreciation of plant, equipment and leasehold improvements for accounting and income tax purposes		-	(607)
Other payables		1,446	1,274
Employee benefits		2,417	2,244
Temporary difference relating to lease accounting		2,181	4,397
Accruals and provisions		1,737	2,096
Deferred tax asset	6(b)	**7,781**	**9,404**

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6. Income tax (continued)

(ii) Deferred tax liability

The deferred tax liability balance comprises of the following items:

	Note	2022 $'000	2021 $'000
Research and development expenditure capitalised		(7,724)	(6,651)
Difference in depreciation of plant, equipment and leasehold improvements for accounting and income tax purposes		(2,221)	-
Difference in amortisation of intangible assets for accounting and income tax purposes		(21,772)	(26,016)
Share-based payments		(739)	-
Temporary difference relating to lease accounting		(2,045)	(4,164)
Other income not yet assessable		(626)	(1,126)
Other payables		(461)	(81)
Deferred tax liability	6(b)	**(35,588)**	**(38,038)**

(iii) Reconciliation of net deferred tax balances

	Note	2022 $'000	2021 $'000
Opening balance – net deferred tax liability		(28,634)	(33,472)
Tax income during the financial year	6(b)(iv)	827	4,838
Closing balance – net deferred tax liability		**(27,807)**	**(28,634)**

(iv) Movement in deferred tax relating to income tax expense

Deferred tax recognised in income tax expense comprises of:

	Note	2022 $'000	2021 $'000
Decrease in deferred tax asset		(1,623)	(567)
Decrease in deferred tax liability		2,450	5,405
Tax income during the financial year	6(b)(iii)	827	4,838
Deferred tax credited directly to share-based payments reserve	8(a), 22(b)	(221)	-
Deferred tax recognised in income tax expense	6(a)	**606**	**4,838**

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

	2022 $'000	2021 $'000
Gross capital losses	847	847
Gross operating losses	202	1,598
Total	**1,049**	**2,445**

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

6. Income tax (continued)

Significant accounting policies

Income tax

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

Deferred tax balances

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

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

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

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

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

Tax consolidation

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

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

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

7. Earnings per share

	2022 $'000	2021 $'000
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings – ordinary shares	41,940	57,335
Diluted earnings – ordinary shares	41,940	57,335

	2022 No. of Shares	2021 No. of Shares
Weighted average number of ordinary shares used in calculating earnings per share:		
Number for basic earnings per share – ordinary shares	200,576,315	198,996,780
Number for diluted earnings per share – ordinary shares	203,174,502	201,046,313

	2022 Cents Per Share	2021 Cents Per Share
Basic earnings (cents) per share	20.9	28.8
Diluted earnings (cents) per share	20.6	28.5

Classification of securities as potential ordinary shares

As at 30 June 2022 and 30 June 2021, the securities that have been classified as potential ordinary shares and included in diluted earnings per share are the rights outstanding under the Employee Performance Rights Plan.

Significant accounting policies

Earnings per share (EPS)

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

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

SECTION C: WORKING CAPITAL AND OPERATING ASSETS

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

8. Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank and on hand	59,631	52,138
Total cash and cash equivalents	**59,631**	**52,138**

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

	Note	2022 $'000	2021 $'000
Net profit after tax		41,940	57,335
Add/(less) items classified as investing/financing activities:			
Net profit on sale of non-current assets	3	(55)	-
Add/(less) non-cash items:			
Depreciation and amortisation	5	42,117	40,887
Share-based payments	5,17(e)	2,437	2,567
Deferred tax income credited directly to share-based payments reserve	6(b)(iv)	221	-
Unrealised foreign exchange losses	5	1,588	1,178
Recovery of previously charged expected credit loss	9	(84)	(632)
Expected credit loss charged	9	117	1,671
Amortisation of prepaid borrowing costs	5, 19(b)	1,592	1,566
Net cash provided by operating activities before change in assets and liabilities		**89,873**	**104,572**
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:			
Decrease/(increase) in trade receivables		18,872	(30,094)
Decrease/(increase) in sundry receivables and other assets		4,584	(1,708)
Decrease/(increase) in accrued revenue		2,646	(2,358)
(Decrease)/increase in trade payables		(2,214)	2,805
(Decrease)/increase in other creditors and accruals		(12,115)	8,335
Decrease in bank overdraft		-	(591)
(Decrease)/increase in operating and employee benefits provision		(1,371)	1,150
Decrease in deferred taxes		(827)	(4,449)
(Decrease)/increase in current tax payable		(13,907)	4,904
Increase in unearned revenue		5,690	10,643
Net cash provided by operating activities		**91,231**	**93,209**

Significant accounting policies

Cash and cash equivalents

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

9. Receivables

	2022 $'000	2021 $'000
Current		
Trade receivables	56,534	75,942
Less: provision for expected credit losses	(921)	(1,457)
	55,613	**74,485**
Sundry receivables	397	2,928
Total trade and other receivables	**56,010**	**77,413**

As at 30 June 2022, trade receivables of $18,453,000 (2021: $14,473,000) were past due but not impaired. These relate to a number of unrelated customers for whom there is no recent history of default. The ageing analysis of the trade receivables is as follows:

Trade receivables ageing analysis at 30 June:	Gross 2022 $'000	Provided 2022 $'000	Gross 2021 $'000	Provided 2021 $'000
Not past due	37,160	-	60,012	-
Past due 1– 30 days	11,748	-	5,275	-
Past due 31– 60 days	4,179	-	2,524	-
Past due more than 61 days	3,447	(921)	8,131	(1,457)
Total	**56,534**	**(921)**	**75,942**	**(1,457)**

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

	Note	2022 $'000	2021 $'000
Movements in provision for expected credit loss:			
Opening balance at 1 July		1,457	604
Expected credit loss charged	8(a)	117	1,671
Recovery of previously charged expected credit loss	8(a)	(84)	(632)
Amounts written off		(616)	(237)
Others		47	51
Closing balance at 30 June		**921**	**1,457**

Significant accounting policies

Trade receivables

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

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

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

9. Receivables (continued)

Critical accounting estimate and judgement

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the energy sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

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

10. Other assets

	2022 $'000	2021 $'000
Prepayments – current	7,321	7,793
Other assets – current	1,727	4,139
Total other current assets	**9,048**	**11,932**
Prepayments – non-current	1,559	1,091
Other assets – non-current	330	-
Total other non-current assets	**1,889**	**1,091**

11. Plant, equipment and leasehold improvements

	Note	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
At 1 July 2021		34,897	3,875	38,772
Additions	2(b)	5,788	227	6,015
Disposals		(2,249)	(57)	(2,306)
Net foreign currency movements arising from foreign operations		(409)	(20)	(429)
At 30 June 2022		**38,027**	**4,025**	**42,052**
Accumulated depreciation and impairment				
At 1 July 2021		(23,238)	(2,944)	(26,182)
Depreciation charge	5	(3,649)	(270)	(3,919)
Disposals		2,198	57	2,255
Net foreign currency movements arising from foreign operations		208	30	238
At 30 June 2022		**(24,481)**	**(3,127)**	**(27,608)**
Carrying amount at 30 June 2022		**13,546**	**898**	**14,444**

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

11. Plant, equipment and leasehold improvements (continued)

Significant accounting policies

Plant, equipment and leasehold improvements

Cost and valuation

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

Depreciation

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

The useful lives for each class of assets are:	**2022**	**2021**
Plant and equipment	3 to 15 years	3 to 15 years
Leasehold improvements	3 to 15 years	3 to 15 years

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

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

12. Intangible assets

	Note	Goodwill $'000	Technology and other intangibles at cost $'000	Software development at cost $'000	Total $'000
Cost					
At 1 July 2021		218,748	188,530	90,058	497,336
Additions	2(b)	-	-	15,604	15,604
Net foreign currency movements arising from foreign operations		2,658	3,484	2,027	8,169
At 30 June 2022		**221,406**	**192,014**	**107,689**	**521,109**
Accumulated amortisation and impairment					
At 1 July 2021		(1,601)	(82,239)	(57,343)	(141,183)
Amortisation charge	5	-	(20,602)	(11,542)	(32,144)
Net foreign currency movements arising from foreign operations		10	(1,896)	(1,421)	(3,307)
At 30 June 2022		**(1,591)**	**(104,737)**	**(70,306)**	**(176,634)**
Carrying amount at 30 June 2022		**219,815**	**87,277**	**37,383**	**344,475**

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

12. Intangible assets (continued)

Significant accounting policies

Goodwill

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

Technology and other intangibles

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

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

Research and development

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

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

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

Other development expenditure is recognised as an expense when incurred.

Impairment of non-financial assets

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

Critical accounting estimate and judgement

Capitalisation of research and development costs

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

There has been an investment in research and development expenditure incurred in relation to the various billing software platforms in the 2022 financial year. Returns are expected to be derived from this investment over the coming year(s).

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

12. Intangible assets (continued)

(a) Impairment test for goodwill

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

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

Key assumptions used for value-in-use calculations

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

- EBITDA for the first year based on financial budgets approved by senior management;
- Beyond the first year, profit before tax annual growth rate of 1.5% (2021: 1.5%);
- A post-tax discount rate of 8.2% (2021: 6.1%); and
- Terminal growth rate of 1.5% (2021: 1.5%) at the end of the forecast period.

Both the EBITDA growth rate beyond FY22 and the terminal growth rate ranges are derived from management's best estimate of revenue and operating expenditure growth, taking into account changes in the industry, customer market prospects, future product developments and technological innovation. Profit before income tax expense is then adjusted for amounts related to tax.

The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money coupled with other risks factors. It is based on the Group's weighted average cost of capital.

Results of impairment testing and sensitivity to changes in assumptions

The recoverable amount of the CGU remains more than adequately greater than the carrying value of the CGU even after a 2.1% increase in the post-tax discount rate when compared to the prior year.

The following table sets out key parameters that need to change for there to be no headroom available when comparing the calculation of the estimated recoverable amount of the CGU against the carrying value of the CGU at 30 June 2022.

Change required for carrying amount to equal recoverable amount	2022
Discount rate increase	4.1%
Budgeted EBITDA growth rate decline	(24.0%)

Critical accounting estimates and judgements

Impairment of goodwill

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

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

Impairment of non-financial assets other than goodwill

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

13. Leases

(a) Right-of-use assets

	2022 $'000	2021 $'000
Cost	28,494	27,220
Accumulated depreciation	(15,526)	(11,063)
Net carrying amount at 30 June	**12,968**	**16,157**

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

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

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

	Note	ROU Properties $'000	ROU Office Equipment $'000	ROU Vehicles $'000	ROU IT Equipment $'000	Total $'000
Cost						
Balance as at 1 July 2021		**26,994**	**138**	**88**	**-**	**27,220**
Additions	13(b)	2,388	35	-	-	2,423
Re-measurement	13(b)	82	-	-	-	82
Disposals		(1,601)	(96)	-	-	(1,697)
Exchange differences from foreign operations		462	4	-	-	466
Balance as at 30 June 2022		**28,325**	**81**	**88**	**-**	**28,494**
Accumulated depreciation						
Balance as at 1 July 2021		**(10,958)**	**(64)**	**(41)**	**-**	**(11,063)**
Depreciation charge	5, 13(c)	(5,995)	(35)	(24)	-	(6,054)
Disposals		1,601	71	-	-	1,672
Exchange differences from foreign operations		(80)	-	(1)	-	(81)
Balance as at 30 June 2022		**(15,432)**	**(28)**	**(66)**	**-**	**(15,526)**
Net book value as at 30 June 2022		**12,893**	**53**	**22**	**-**	**12,968**

13. Leases (continued)

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

In the financial year ended 30 June 2022, the cost of variable lease payments amounted to $4,000 (2021: $3,000). These variable lease payments do not depend on an index or a rate. These are included within the “Other expenses” account in the consolidated statement of comprehensive income.

(b) Lease liabilities

	2022 $'000	2021 $'000
Current	5,662	5,552
Non-current	8,213	11,322
Total	**13,875**	**16,874**

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

	Note	2022 $'000	2021 $'000
Balance as at 1 July		16,874	21,045
Additions	13(a)	2,423	4,996
Re-measurement	13(a)	82	(2,942)
Disposals		(26)	-
Accretion of finance costs	13(c)	854	911
Payments of finance costs		(854)	(911)
Payments of principal amounts		(5,996)	(6,130)
Exchange differences from foreign operations		518	(95)
Balance as at 30 June		**13,875**	**16,874**

13. Leases (continued)

(c) Impact to profit or loss

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

	Note	2022 $'000	2021 $'000
Depreciation expense of ROU assets	13(a)	6,054	6,120
Finance costs on lease liabilities	5, 13(b)	854	911
Variable lease payments		4	3
Income from sub-leasing of ROU assets		(33)	-
Total amount recognised in profit or loss		**6,879**	**7,034**

(d) Impact to cashflows

The Group had total cash outflows for leases of $6,850,000 for the year ended 30 June 2022 (2021: $7,041,000). Out of the $6,850,000 (2021: $7,041,000) cash outflows, $5,996,000 (2021: $6,130,000) relates to cash outflows from investing activities (principal payments), while the remaining balance relates to cash outflows from operating activities (finance costs on lease liabilities). The Group also had non-cash additions of ROU assets of $2,423,000 (2021: $5,453,000) and lease liabilities of $2,423,000 (2021: $4,996,000) during the financial year.

(e) Future lease payments

Future lease payments in relation to lease liabilities are as follows:

	Note	2022 $'000	2021 $'000
Less than 6 months	18(b), 23	3,308	3,233
6-12 months	18(b), 23	2,918	3,068
Total current lease payments		6,226	6,301
Future finance costs on lease liabilities		(564)	(749)
Current lease liabilities		**5,662**	**5,552**
1-2 years	18(b), 23	3,878	5,390
2-3 years	18(b), 23	1,875	3,225
More than 3 years	18(b), 23	3,970	4,600
Total non-current lease liabilities		9,723	13,215
Future finance costs on lease liabilities		(1,510)	(1,893)
Non-current lease liabilities		**8,213**	**11,322**

The weighted average incremental borrowing rate applied to lease liabilities was 4.63% (2021: 2.16%).

13. Leases (continued)

Significant accounting policies

Leases

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

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

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

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

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

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

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

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

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

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

Presentation and disclosure

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

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

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

13. Leases (continued)

Critical accounting estimate and judgement

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

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

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

Estimating the incremental borrowing rate

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

14. Payables

	Note	2022 $'000	2021 $'000
Trade payables		5,385	7,599
Accrued payables		14,200	15,847
Other payables		4,404	13,778
Total payables	18(b)	**23,989**	**37,224**

Significant accounting policies

Trade payables

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

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15. Other operating provisions

	2022 $'000	2021 $'000
Current		
Onerous contract provisions	943	1,652
Other	91	108
Total current operating provisions(1)	**1,034**	**1,760**
Non-current		
Make good provisions	342	457
Total non-current operating provisions(2)	342	457
Reconciliation of other operating provisions		
Carrying amount at beginning of year	2,217	1,181
Net provisions/(payments/reversals) made during the year	(841)	1,036
Carrying amount at end of year	**1,376**	**2,217**

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

Significant accounting policies

Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

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SECTION D: PEOPLE

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

16. Employee benefits

	2022 $'000	2021 $'000
Current employee benefits(1)	13,956	14,592
Non-current employee benefits(2)	172	66
Total employee benefits liability	**14,128**	**14,658**

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

Employee Benefits Liability

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

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

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

	2022 $'000	2021 $'000
Current leave obligations expected to be settled after 12 months	1,473	1,765

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

(a) Directors' and executives' compensation

	2022 $	2021 $
Short term employment benefits	3,621,809	3,906,967
Post-employment benefits	174,405	167,422
Share-based payments	1,062,624	1,210,118
Total	**4,858,838**	**5,284,507**

On 29 July 2022, an Executive KMP, was made redundant. In relation to the Executive KMP rights that have yet to vest, the Board of Directors has exercised its discretionary power under the Employee Performance Rights Plan and allowed these rights to be retained; and to vest on his effective termination date.

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 32.

16. Employee benefits (continued)

Significant accounting policies

Short-term employee benefit obligations

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

Other long-term employee benefit obligations

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

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

Retirement benefit obligations

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

Bonus plan

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

Termination benefits

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

17. Share-based payments

(a) Employee Share Plan

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

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

	2022 No. of Shares	2021 No. of Shares
Number of shares at beginning of year	26,800	58,860
Number of shares transferred to main share registry and/or disposed of	(26,800)	(32,060)
Number of shares at year end	**-**	**26,800**

There were no shares issued under the ESP for the 2022 and 2021 financial years, nor were there any amounts of consideration provided by eligible participants at the consolidated statement of financial position date on both years.

The market value of the Company's ordinary shares closed at $5.20 on 30 June 2022 ($6.21 on 30 June 2021).

The Employee Share Plan is no longer utilised.

(b) Employee Performance Rights Plan

The Employee Performance Rights Plan (the Rights Plan) was approved by shareholders at the Company's AGM on 23 November 2017 and was re-adopted at the Company's AGM on 25 November 2021. Under the Plan, awards are made to eligible executives and other management personnel who have an impact on the Group's performance. Plan awards for long-term incentives (LTI) are granted in the form of performance rights over shares which vest over a period of three years subject to meeting performance measures and continuous employment with the Company. Plan awards for deferred short-term incentives (STI) are deferred for a two-year period of which the employee must remain employed, following the achievement of annual financial and non-financial performance measures. Each performance right is to subscribe for one ordinary share upon vesting and, when issued, the shares will rank equally with other shares.

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

Performance rights issued and outstanding as at 30 June 2022

Grant date	Vesting date	Type	Fair value per right $	No. of rights at 01/07/2021	Rights granted	Rights vested, forfeited or other	No. of rights at 30/06/2022
2 Jul 2018	27 Aug 2021(1),(2)	LTI	3.01	448,841	-	(448,841)	-
2 Sep 2019	30 Jun 2022(3)	STI	3.11	78,384	-	-	78,384
2 Sep 2019	30 Jun 2022(4)	LTI	2.83	463,588	-	183,012	646,600
1 Jul 2020	30 Jun 2023(5)	STI	2.70	448,501	-	146,206	594,707
1 Jul 2020	30 Jun 2023	LTI	2.77	239,313	-	(26,691)	212,622
15 Sep 2021	30 Jun 2024(6)	LTI	4.99	-	235,424	-	235,424
15 Sep 2021	30 Jun 2024(7)	LTI	5.29	-	107,556	(12,507)	95,049
Total				**1,678,627**	**342,980**	**(158,821)**	**1,862,786**

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

(2) Performance rights granted on 2 July 2018 in relation to EPSa CAGR and TSR measures have exceeded the required measurement hurdles and vested on an accelerated basis paying 150% of the entitlement on 27 August 2021.

(3) Performance rights granted on 2 September 2019 in relation to STI measures have met the required measurement hurdles and vested at 100% on 30 June 2022.

(4) Performance rights granted on 2 September 2019 in relation to EPSa CAGR and TSR measures have exceeded the required measurement hurdles and market conditions, respectively and vested on an accelerated basis paying 150% of the entitlement on rights linked to EPSa CAGR measure and 137% of the entitlement on rights linked to TSR measure on 30 June 2022.

(5) Majority of the performance rights in relation to the Enhanced STI Plan granted on 1 July 2020 have exceeded the required measurement hurdles, allowing an accelerated basis paying up to 135% of the entitlement on 30 June 2023.

(6) Performance rights granted on 15 September 2021 with a fair value per right of $4.99 refers to rights linked to Group Revenue and TSR measures.

(7) Performance rights granted on 15 September 2021 with a fair value per right of $5.29 refers to rights linked to non-market performance conditions such as Group Revenue and Regional Revenue; Product Revenue and Product Profit Margin.

17. Share-based payments (continued)

All the unvested performance rights will be measured against specific measurement criteria as detailed in the preceding table and will be awarded in the period following the measurement period. The performance rights relating to an Executive KMP who was made redundant and was terminated with effect from 29 July 2022 have vested and awarded. The Board of Directors has exercised its discretionary power under the Employee Performance Rights Plan and allowed these rights to be retained; and to vest on the Executive KMP's termination date.

Performance rights issued and outstanding as at 30 June 2021

Grant date	Vesting date	Type	Fair value per right $	No. of rights at 01/07/2020	Rights granted	Rights vested, forfeited or other	No. of rights at 30/06/2021
2 Jul 2017	31 Aug 2020[(1),(2)]	LTI	3.815	345,494	-	(345,494)	-
2 Jul 2018	27 Aug 2021[(1),(3)]	LTI	3.01	480,079	-	(31,238)	448,841
2 Sep 2019	30 Jun 2022	STI	3.11	87,218	-	(8,834)	78,384
2 Sep 2019	30 Jun 2022	LTI	2.83	489,306	-	(25,718)	463,588
1 Jul 2020	30 Jun 2023[(4)]	STI	2.70	-	448,501	-	448,501
1 Jul 2020	30 Jun 2023	LTI	2.77	-	239,313	-	239,313
Total				**1,402,097**	**687,814**	**(411,284)**	**1,678,627**

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

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

(3) Performance rights in relation to EPSa CAGR and TSR measures have exceeded the required measurement hurdles and vested on an accelerated basis paying 150% of the entitlement on 27 August 2021.

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

The weighted average contractual life of outstanding performance rights at the end of the financial year is 0.79 year (2021: 1.25 years).

(c) Employee Share Option Plan

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

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

There were no new options issued under the Option Plan during the 30 June 2022 and 30 June 2021 financial years, as the Option Plan was replaced with the Rights Plan as described in Note 17(b).

There were no movement of options during the year ended 30 June 2022. All share options have been exercised in the previous financial year.

Movement of options during the financial year ended 30 June 2021:

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

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

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

17. Share-based payments (continued)

(c) Employee Share Option Plan (continued)

The weighted average share price for share options exercised during the financial year was $nil (2021: $4.84).

(d) Fair value of performance rights granted

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

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

Details of the assessed fair value of the performance rights as well as the model inputs for rights granted, during the year ended 30 June 2022 and for the prior year 30 June 2021, are presented below:

	2022	2021
Grant date	15 Sep 2021	1 July 2020
Expected vesting date	30 June 2024	30 June 2023
Measurement period	1 July 2020 to 30 June 2024	1 July 2020 to 30 June 2023
Fair value of performance rights granted – Revenue and Profit Margin	$5.29	-
Fair value of performance rights granted – EPS rights	-	$2.70
Fair value of performance rights granted – TSR rights	$4.69	$2.84
Fair value of performance rights granted – STI rights	-	$2.70
Share price at grant date	$5.60	$2.90
Expected price volatility of the company's shares	30%	30%
Expected dividend yield	2.06%	2.32%
Risk-free interest rate	0.61%	0.26%

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

(e) Expenses arising from share-based payment transactions

	Note	2022 $	2021 $
Rights issued under employee performance rights plan FY19		-	1,301,080
Rights issued under employee performance rights plan FY20		1,054,879	507,720
Rights issued under employee performance rights plan FY21		764,026	758,509
Rights issued under employee performance rights plan FY22		618,300	-
Total	8(a), 22(b)	**2,437,205**	**2,567,309**

17. Share-based payments (continued)

Significant accounting policies

Share-based payments

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

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

- Market-based
- Non-market-based

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

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

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

Critical accounting estimate and judgement

Share-based payments

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

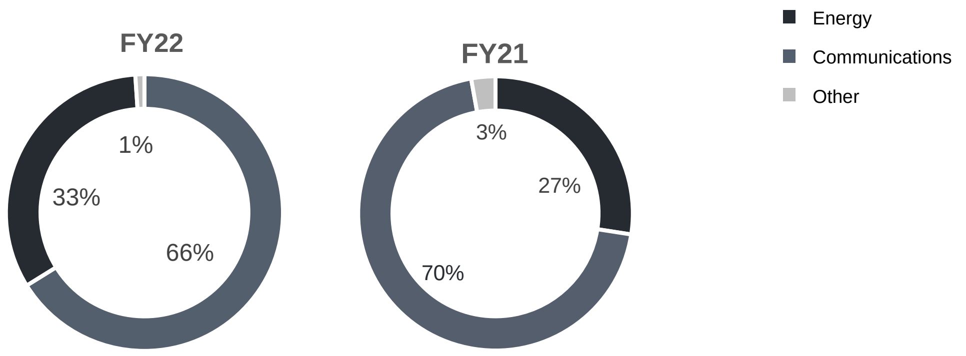
SECTION E: CAPITAL AND FINANCIAL RISK MANAGEMENT

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

18. Financial risk management

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

(a) Credit risk

Nature of risk	The risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from customers and our investments in debt securities.
Exposure to the risk	The Group's maximum exposure to credit risk at 30 June 2022 and 30 June 2021 is the carrying amount of financial assets, net of any provisions for impairment and excluding the value of any collateral or other security. The gross trade receivables balance as at 30 June 2022 was $56,534,000 (2021: $75,942,000). The ageing analysis of trade and other receivables is provided in Note 9. As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are past due but not impaired, are expected to be received. The Group's exposure to credit risk is affected by the regions and industries our customers operate in. Set out below shows the concentration of our trade receivables balances by the industry they operate in. 
How is the risk managed?	Receivables are managed on an ongoing basis. The Group does not have any material credit risk exposure to any single debtor or group of debtors. Ageing analysis and ongoing collectability reviews are performed and, where appropriate, an expected credit loss provision is raised. Historically, the Group has not had any significant write-offs in our trade receivables. The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. Credit quality of a customer is assessed based on a variety of factors, including their credit ratings and financial position.

18. Financial risk management (continued)

(b) Liquidity risk

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

Contractual maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 30 June 2022 and 2021.

		Contractual cash flows $'000					
Financial liabilities	**Note**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-3 years**	**> 3 years**	**Total payments**
2022							
Trade and other payables	14	23,989	-	-	-	-	23,989
Lease liabilities[1]	13(e)	3,308	2,918	3,878	1,875	3,970	15,949
Secured borrowings[2]	19	-	-	88,151	-	-	88,151
Total		**27,297**	**2,918**	**92,029**	**1,875**	**3,970**	**128,089**
2021							
Trade and other payables	14	37,224	-	-	-	-	37,224
Lease liabilities[1]	13(e)	3,233	3,068	5,390	3,225	4,600	19,516
Secured borrowings[2]	19	-	118,762	-	-	-	118,762
Total		**40,457**	**121,830**	**5,390**	**3,225**	**4,600**	**175,502**

(1) Lease liabilities are recognised and disclosed at present value in accordance with AASB 16 and the Group accounting policy.
(2) As at 4 August 2021, the syndicated multi-currency borrowing facility was extended to 1 September 2023.

(c) Interest rate risk

Nature of risk	The risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.
Exposure to the risk	The Group's main exposure to interest rate risk arises from its lease liabilities, borrowings and cash and cash equivalents. No other financial assets or liabilities are expected to be exposed to interest rate risk. The weighted average variable interest rate across all our borrowings at 30 June 2022 is 2.34% (2021: 2.20%). If the interest rate were to increase or decrease by 1%, with all other variables held constant, the impact to pre-tax profit is $1,233,000 (2021: $1,610,000) and the impact to post-tax equity[1] is $886,000 (2021: $1,158,000). (1) Post-tax equity is calculated as the net of the blended effective tax rate on pre-tax profit based on where the interest-bearing debt is located (i.e., Australia and Canada) and the prevailing corporate tax rate in each of those jurisdictions (i.e., 30% and 26.5% respectively).
How is the risk managed?	The Group ensures it has access to diverse sources of funding, including access to foreign currency debt. The Group closely monitors its debt ratios to reduce its risk exposure to uncertainty in the global markets if interest rates will fall or rise. Management is comfortable with the risk associated with using variable interest rates due to the current level of borrowings.

18. Financial risk management (continued)

(d) Foreign currency risk

Nature of risk	The risk that the fair value or future cash flows of a financial instrument or forecasted transaction will fluctuate because of changes in foreign exchange rates.
Exposure to the risk	The Group operates internationally and as such has exposure to foreign currency movements. The Group has expanded its international operations substantially in recent years to the extent that in excess of 83% (2021: 83%) of its revenue is now earned in foreign currency designated transactions. The Group has a number of offices located internationally and more than 88% (2021: 88%) of its work force is located overseas and paid in foreign currencies. Changes in foreign currency exchange rates would be limited to the revaluation of foreign currency denominated borrowings, intercompany financing arrangements denominated in foreign currencies, and foreign currency bank balances in the Group at market rates at consolidated statement of financial position date. The Group's primary foreign currency exposure relates to the movement in US Dollar (USD), British Pound (GBP), Canadian Dollar (CAD) and Euro (EUR) exchange rates. At the reporting date, cash and cash equivalents included $49.0 million (2021: $48.1 million) denominated in foreign currencies. If the foreign currency exchange rate for our primary foreign currencies (being USD, GBP, CAD and EUR) were to move by 10%, with all other variables held constant, the impact to our foreign currency translation reserves (included within 'Equity' in the consolidated statement of financial position) on translation of our foreign currency-denominated cash and cash equivalents is as follows:

	Increase/(decrease) $'000							
	USD		GBP		CAD		EUR	
	2022	2021	2022	2021	2022	2021	2022	2021
+10%	790	1,788	553	438	619	255	2,133	1,317
-10%	(790)	(1,788)	(553)	(438)	(619)	(255)	(2,133)	(1,317)

	The Group's exposure to foreign currency changes for all other currencies and other financial statement items is not material, as the Group has natural hedging and designated hedging relationships in place (refer to "How is the risk managed?" for a further explanation).
How is the risk managed?	The Group manages its foreign currency risk by evaluating its exposure to fluctuations on an ongoing basis. The Group's overseas subsidiaries transact in different functional currencies. The effects of any exchange rate movements in respect of the net assets of our foreign subsidiaries are recognised in the foreign currency translation reserve in equity. Accordingly, the Group has an in-built natural hedge against major currency fluctuations and, except for significant sudden change, is protected in part by its corporate structure against currency movements so that the impact is largely limited to the margin. In addition, during the financial year, the Group held a foreign currency borrowing as part of the syndicated multi-currency borrowing facility agreement as disclosed in Note 19, which has been designated as a hedging instrument of the net assets of some of the Group's principal overseas subsidiaries in order to offset our risk exposure arising from the translation of these subsidiaries into Australian dollars. There is no impact to the profit or loss on the translation of the Group's overseas subsidiaries or foreign currency borrowings to the Australian dollar. The Group's subsidiaries also enter into various financing and transactional arrangements with each other in accordance with local regulatory requirements. The Group regularly reviews these arrangements to minimise its exposure on the translation of outstanding foreign currency-denominated intercompany balances to the Australian dollar, which impact profit.

18. Financial risk management (continued)

Significant accounting policies

Functional and presentation currency

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

Foreign currency transactions and balances

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

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

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

(e) Fair value measurements

Due to their short-term nature, the fair value of receivables and payables approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. At 30 June 2022 and 30 June 2021, there are no assets or liabilities carried at fair value on a recurring basis.

19. Borrowings

	Note	2022 $'000	2021 $'000
Current			
Secured			
Term facility – gross borrowings	18(b)	-	118,762
Term facility – net prepaid borrowing costs		-	(1,255)
Total		**-**	**117,507**
Non-current			
Secured			
Term facility – gross borrowings	18(b)	88,151	-
Term facility – net prepaid borrowing costs		(239)	-
Total		**87,912**	**-**

(a) Loan facilities

	2022 $'000	2021 $'000
Loan facility at 1 July	152,093	217,000
Voluntary cancellation of the facility	-	(40,000)
Repayments of non-withdrawable facility	(28,942)	(24,907)
Amount utilised	(88,151)	(118,762)
Unutilised loan facility at 30 June	**35,000**	**33,331**

At the beginning of the year, the Group had a $152,093,000 syndicated multi-currency borrowing facility with its external financiers, which was used to fund an acquisition in June 2019 and is being used to provide additional funding for general corporate and working capital purposes. The facility is secured by 75% of Group assets. As at 30 June 2022, the remaining unutilised portion of the facility is $35,000,000.

19. Borrowings (continued)

(a) Loan facilities (continued)

On 4 August 2021, the syndicated multi-currency borrowing facility was amended to have a new expiry date of 1 September 2023 (original expiry date was 1 May 2022) and a renegotiated margin pricing grid has delivered a favourable outcome for the Group.

(b) Changes in liabilities arising from financing activities

	Note	2022 $'000	2021 $'000
Opening balance at 1 July		117,507	158,443
Cash flows from financing activities			
Net repayment of borrowings		(33,974)	(41,673)
Cash flows from non-financing activities			
Net (repayment of)/draw-down of overdraft facility		-	(591)
Prepaid borrowing costs		(400)	(279)
Non-cash changes			
Amortisation of prepaid borrowing costs	5, 8(a)	1,592	1,566
Effect of foreign exchange		3,187	41
Closing balance at 30 June[1]		**87,912**	**117,507**

(1) Represents the drawn-down value of the long-term facility of $123,151,000 (2021: $152,093,000) after prepaid borrowing costs.

(c) Hedge of net investments in foreign operations

Included in the "Borrowings" account at the beginning of the financial year is GBP 2,500,000 drawn down as part of the syndicated multi-currency facility. Repayments have been made during the year and as at 30 June 2022, the carrying amount of this borrowing is GBP nil.

This foreign currency-denominated borrowing has been designated as a hedge of the net investment in the Group's subsidiaries in the United Kingdom. The borrowing is being used to hedge the Group's exposure to GBP foreign exchange risk. Gains or losses on the retranslation of the borrowing is transferred to other comprehensive income to offset any gains or losses on translation of the net investment in the subsidiaries.

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

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

	Note	GBP loan '000	Total
Carrying amount of the loan – 30 June 2022 (AUD)		-	-
Carrying amount of the loan – 30 June 2022 (nominated currency)		-	-
Hedge ratio[1]		1:1	
Change in the carrying amount of loan as a result of foreign currency movements since 1 July 2021, recognised in OCI ($)	22(a)	(26)	(26)
Change in the value of the hedged item used to determine hedge effectiveness ($)		26	26
Average hedged rate for the year (local currency:1 AUD)		0.531	
Total			-

(1) The draw-down loan under the syndicated multi-currency borrowing facility is denominated in the same currency and critical terms as the value of the net investment in the foreign subsidiaries that is being hedged. Therefore, the hedge ratio this financial year is 1:1 (2021: 1:1).

The impact to the foreign currency translation reserve on translation of the Group's net investment in foreign subsidiaries that are being hedged by the Group's borrowings was an increase of $26,000 (2021: increase of $428,000). The hedging income or loss recognised in "OCI" (Other Comprehensive Income) before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness in the years ended 30 June 2022 and 2021.

19. Borrowings (continued)

Significant accounting policies

Loans and borrowings

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

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

Borrowing costs

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

20. Contributed capital

(a) Issued and paid-up capital

	2022 $'000	2021 $'000
Ordinary shares, fully paid	146,857	145,224
Total	**146,857**	145,224

(b) Movements in shares on issue

	Ordinary shares (excluding Treasury shares)	Treasury shares	Total share capital	
	No. of Shares	No. of Shares	No. of Shares	$'000
Balance at 1 July 2020	198,232,076	-	198,232,076	140,952
Shares issued under the dividend reinvestment plan	469,341	-	469,341	1,909
Options exercised under the LTI Plan	885,000	-	885,000	2,363
Performance rights exercised	259,122	-	259,122	-
Balance at 30 June 2021	199,845,539	-	199,845,539	145,224
Shares issued to satisfy future rights exercises	-	1,171,783	1,171,783	-
Shares issued under the dividend reinvestment plan	287,678	-	287,678	1,633
Performance rights exercised	673,268	-	673,268	-
Balance at 30 June 2022	**200,806,485**	**1,171,783**	**201,978,268**	**146,857**

Treasury shares are shares in the Company that are held by Hansen Technologies Limited Employee Share Plan Trust (the Trust) for the purpose of holding shares for the satisfaction of rights under the existing and future equity awards plan. The Trust was established on 24 June 2022.

20. Contributed capital (continued)

The Trust provides the Group with greater flexibility to accommodate the incentive arrangements of the Group both now and into the future as the group continues to expand its operations. The Trust will help manage the capital requirements, in that the Trust can use the contributions made by Hansen either to acquire shares in Hansen on market, or alternatively to subscribe for new shares in Hansen. In addition, the Trust provides an arm's length vehicle through which shares in Hansen can be acquired and held in Hansen on behalf of employees and allows Hansen to satisfy Corporations Law requirements relating to companies dealing in their own shares as well as assisting with management of insider trading restrictions. Pacific Custodians Pty Limited, an independent third party, is the Trustee of the Trust, and will operate the Trust in accordance with Hansen Technologies Limited Employee Share Plan Trust Deed.

(c) Rights of each type of share

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

(d) Capital risk management

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

The capital risk management policy remains unchanged from the 30 June 2021 Financial Report.

21. Dividends

A final dividend of 5 cents per share has been declared. This final dividend of 5 cents per share, partially franked to 1.5 cents per share, was announced to the market on 24 August 2022. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Limited as at 30 June 2022.

	2022 $'000	2021 $'000
Dividends paid during the year (net of dividend re-investment)		
5 cents per share final dividend paid 21 September 2021 – partially franked[1]	9,081	-
7 cents per share final dividend paid 25 September 2020 – partially franked[2]	-	12,974
7 cents per share interim dividend paid 21 March 2022 – partially franked[3]	13,359	-
5 cents per share interim dividend paid 25 March 2021 – partially franked[4]	-	8,974
Total	**22,440**	**21,948**
Proposed dividend not recognised at the end of the year	10,099	9,992
Dividends franking account		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	1,283	981

(1) The final dividend paid of 5 cents per share franked to 2.7 cents, comprised of a regular dividend of 5 cents per share.

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

(3) The interim dividend of 7 cents per share franked to 3.5 cents, comprised of a regular dividend of 5 cents per share and a special dividend of 2 cents per share.

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

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

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

22. Reserves and retained earnings

	Note	2022 $'000	2021 $'000
Foreign currency translation reserve	22(a)	7,536	5,105
Share-based payments reserve	22(b)	10,629	7,971
Retained earnings	22(c)	148,086	130,219

(a) Foreign currency translation reserve

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

Movements in reserve	Note	2022 $'000	2021 $'000
Balance at 1 July		5,105	9,397
Net gain on hedges of a net investment	19(c)	26	428
Exchange differences on translation of foreign operations		2,405	(4,720)
Balance at 30 June		**7,536**	**5,105**

(b) Share-based payments reserve

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

Movements in reserve	Note	2022 $'000	2021 $'000
Balance at 1 July		7,971	5,404
Share-based payments expensed during the year	17(e)	2,437	2,567
Tax associated with the share-based payments plan	6(b)(iv)	221	-
Balance at 30 June		**10,629**	**7,971**

(c) Retained earnings

Movements in retained earnings	Note	2022 $'000	2021 $'000
Balance at 1 July		130,219	96,741
Dividends declared during the year	27(c)	(24,073)	(23,857)
Net profit after income tax expense for the year		41,940	57,335
Balance at 30 June		**148,086**	**130,219**

23. Commitments and contingencies

Commitments on leases

Lease commitments are disclosed in Note 18 and Note 13(e).

Contingent assets and liabilities

At 30 June 2022 and 2021, the Group does not have any contingent assets and liabilities.

SECTION F: GROUP STRUCTURE

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

24. Parent entity information

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

(a) Summarised statement of financial position

	Parent Entity	
	2022 $'000	2021 $'000
Assets		
Current Assets	1,905	230
Non-current assets	201,430	223,876
Total Assets	**203,335**	**224,106**
Liabilities		
Current liabilities	201	32,876
Non-current liabilities	24,167	267
Total Liabilities	**24,368**	**33,143**
Net assets	**178,967**	**190,963**
Equity		
Share capital	146,857	145,224
Accumulated profits	22,797	39,109
Share based payments reserve	10,629	7,971
Foreign currency translation reserve	(1,316)	(1,341)
Total equity	**178,967**	**190,963**

(b) Summarised statement of comprehensive income

	Parent Entity	
	2022 $'000	2021 $'000
Profit after income tax expense	7,761	28,254
Total comprehensive income for the year	**7,787**	**28,681**

Dividends of $8,900,000 (2021: $29,649,000) were paid from Hansen Corporation Pty Limited to Hansen Technologies Limited during the financial year.

(c) Parent entity guarantees

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

No deficiencies of assets exist in any of these companies.

24. Parent entity information (continued)

Significant accounting policies

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

Investments in subsidiaries

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

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

SECTION G: OTHER DISCLOSURES

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

25. Related party disclosures

(a) List of controlled entities

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

Name	Country of Incorporation	Ordinary Shares Equity Interest 2022 %	Ordinary Shares Equity Interest 2021 %
Parent entity			
Hansen Technologies Limited	Australia		
Subsidiaries of Hansen Technologies Limited			
Hansen Corporation Pty Limited	Australia	100	100
Hansen Corporation Investments Pty Limited	Australia	100	100
Hansen Holdings (Asia) Pty Limited	Australia	100	100
Utilisoft Pty Limited	Australia	100	100
Hansen Technologies (Shanghai) Company Limited	China	100	100
Hansen Technologies Denmark A/S	Denmark	100	100
Hansen Technologies CIS Finland Oy *(fka. Enoro CIS Finland Oy)*	Finland	100	100
Hansen Technologies Finland Oy *(fka. Enoro Oy)*	Finland	100	100
PEP Finland Oy	Finland	100	100
Enercube Oy Finland Filial	Finland	100	100
Hansen Customer Support India Private Limited	India	100	100
Hansen Technologies Netherlands B.V. *(fka. Enoro B.V.)*	Netherlands	100	100
Hansen New Zealand Limited	New Zealand	100	100
Hansen Technologies Holdings AS *(fka. Enoro Holding AS)*	Norway	100	100
Hansen Technologies Norway AS *(fka. Enoro AS)*	Norway	100	100
Hansen Technologies Sweden AB *(fka. Enoro AB)*	Sweden	100	100
Enoro AG	Switzerland	100	100
Hansen Corporation Europe Limited	United Kingdom	100	100
Hansen Holdings Europe Limited	United Kingdom	100	100
Hansen Billing Solutions Limited	United Kingdom	100	100
Hansen Operations, LLC	United States	100	100
Hansen Solutions, LLC	United States	100	100
Hansen Technologies North America, Inc.	United States	100	100
Hansen ICC, LLC	United States	100	100
Hansen Banner, LLC	United States	100	100
Peace Software Inc.	United States	100	100
Hansen Technologies Vietnam LLC	Vietnam	100	100
Hansen Technologies Canada, Inc.	Canada	100	100
Sigma Systems Canada LP	Canada	100	100
Sigma Canada Holdings Inc.	Canada	100	100
Sigma Systems GP Inc.	Canada	100	100
Sigma OSS Systems India Private Limited	India	100	100

25. Related party disclosures (continued)

Name	Country of Incorporation	Ordinary Shares Equity Interest 2022 %	Ordinary Shares Equity Interest 2021 %
Subsidiaries of Hansen Technologies Limited (cont.)			
Sigma Systems Japan K.K.	Japan	100	100
Hansen Technologies CDE Limited *(fka. Sigma Systems (U.K.) Limited)*	United Kingdom	100	100
Sigma Systems (Wales) Limited	United Kingdom	100	100
Sigma Systems Group (USA) Inc.	United States	100	100
Hansen Technologies SA[1]	Argentina	-	-
Hansen Technologies Limited Employee Share Plan Trust[2]	Australia	-	-

(1) During the year, Hansen Technologies Limited gained control over Hansen Technologies SA (HTSA), as defined under AASB 10 *Consolidated Financial Statements*. HTSA is a company registered in Argentina on 7 December 2021. Hansen Technologies Limited is currently in the process of registering as a foreign company in Argentina and transferring the legal ownership of HTSA, thereafter.
(2) On 24 June 2022, Hansen Technologies Limited Employee Share Plan Trust (the Trust) was established as a sole purpose trust for the purpose of holding shares for the satisfaction of rights under existing and future equity awards plan. The parent entity has control over the Trust, as defined under AASB 10 *Consolidated Financial Statements*.

Significant accounting policies

Foreign subsidiaries

Subsidiaries that have a functional currency different to the presentation currency of the Group are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- all resulting exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity in the consolidated statement of financial position. Exchange differences arising on the reduction of a foreign subsidiary's equity continues to be recognised in the Group's foreign currency translation reserve until such time that the foreign subsidiary is disposed of.

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

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

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

	2022 $	2021 $
Leased premises		
A related party to the Directors[1] - rental payments	1,637,017	1,536,126
A related party, Andrew Hansen – rental payments	90,973	84,294
	1,727,990	**1,620,420**

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

The properties leased in South Melbourne and the Group's Melbourne head office have been sold to non-related parties on 17 June 2022 and on 29 July 2022, respectively. From these dates onwards, transactions relating to these leased properties have ceased to be related party transactions of the Group.

26. Auditor's remuneration

The auditor of the Group for the year ended 30 June 2022 is RSM Australia Partners.

	2022 $	2021 $
(a) Amounts paid and payable to RSM Australia member firms for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entity in the consolidated entity	332,055	284,694
(ii) Other non-audit services		
– taxation services	-	-
– compliance services	3,567	3,609
Sub-total	3,567	3,609
Total remuneration of RSM Australia Partners	335,622	288,303
(b) Amounts paid and payable to related practices of RSM Australia member firms for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the overseas entities in the consolidated entity	564,819	507,826
(ii) Other non-audit services		
– taxation services	65,444	135,468
– compliance services	54,776	78,817
Sub-total	120,220	214,285
Total remuneration of network firms of the auditor	685,039	722,111
(c) Amounts paid and payable to non-related auditors for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entities in the consolidated entity	20,453	11,537
(ii) Other non-audit services		
– taxation services	9,095	2,116
– compliance services	28,475	-
Sub-total	37,570	2,116
Total remuneration of non-related auditors	58,023	13,653
Total auditors' remuneration	**1,078,684**	**1,024,067**

27. Deed of cross guarantee

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

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

(a) Consolidated statement of comprehensive income

Set out below is a consolidated statement of comprehensive income for the financial year ended 30 June 2022 of the closed group consisting of Hansen Technologies Limited and Hansen Corporation Pty Limited ("the Closed Group").

	Note	2022 $'000	2021 $'000
Revenue		49,689	48,068
Other income		32,693	44,794
Total revenue and other income		**82,382**	**92,862**
Employee benefit expenses		(26,237)	(26,754)
Depreciation expense		(2,378)	(1,861)
Amortisation expense		(3,982)	(3,976)
Property and operating rental expenses		(1,549)	(1,473)
Contractor and consultant expenses		(69)	-
Software licence expenses		(1,268)	(1,191)
Hardware and software expenses		(6,730)	(5,759)
Travel expenses		(382)	(71)
Communication expenses		(362)	(417)
Professional expenses		(2,222)	(1,782)
Finance costs on borrowings		(1,941)	(2,362)
Finance costs on lease liabilities		(109)	(139)
Foreign currency gains/(losses)		(498)	162
Other expenses		(489)	(1,399)
Total expenses		**(48,216)**	**(47,022)**
Profit before income tax expense		**34,166**	**45,840**
Income tax expense		(2,608)	(4,295)
Profit after income tax expense	27(c)	**31,558**	**41,545**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Net gain on hedges of net investments		26	428
Other comprehensive income for the year		26	428
Total comprehensive income for the year		**31,584**	**41,973**

27. Deed of cross guarantee (continued)

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2022 of the Closed Group:

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents		10,604	2,779
Receivables		10,121	7,768
Accrued revenue		2,873	2,899
Current tax asset		1,794	-
Other current assets		6,221	2,905
Total current assets		31,613	16,351
Non-current assets			
Plant, equipment & leasehold improvements		6,743	5,869
Intangible assets		26,589	25,228
Right-of-use assets		3,039	2,967
Other non-current assets		213,529	222,194
Deferred tax assets		3,997	4,526
Total non-current assets		253,897	260,784
Total assets		**285,510**	**277,135**
Current liabilities			
Payables		9,351	7,799
Borrowings		-	28,833
Lease liabilities		1,027	842
Current tax payable		-	2,269
Provisions		6,867	7,597
Unearned income		6,843	7,024
Total current liabilities		24,088	54,364
Non-current liabilities			
Deferred tax liabilities		5,687	4,687
Borrowings		23,761	-
Lease liabilities		2,251	2,331
Other non-current liabilities		5,080	3,016
Provisions		172	67
Total non-current liabilities		36,951	10,101
Total liabilities		**61,039**	**64,465**
Net assets		**224,471**	**212,670**
Equity			
Share capital		146,857	145,224
Foreign currency translation reserve		(2,100)	(2,126)
Share-based payments and other reserves		7,151	4,494
Retained earnings	27(c)	72,563	65,078
Total equity		**224,471**	**212,670**

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

	Note	2022 $'000	2021 $'000
Retained earnings at the beginning of the year		65,078	47,390
Profit for the year	27(a)	31,558	41,545
Dividends declared during the year	22(c)	(24,073)	(23,857)
Retained earnings at the end of the year	27(b)	**72,563**	**65,078**

28. New and amended accounting standards and interpretations

(a) Adoption of amended accounting standards that are first operative at 30 June 2022

The Group has adopted the following new and amended accounting standards and interpretations, applicable and effective for the financial year beginning 1 July 2021:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [Phase 2]
- AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19 – Related Rent Concessions beyond 30 June 2021
- IFRS Interpretations Committee (IFRIC) Interpretations and Agenda – Configuration or Customisation Costs in a Cloud Computing Arrangement

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

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

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

(b) Accounting standards and interpretations issued but not operative at 30 June 2022

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

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

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

Group's assessment performed to date

The amendments are effective for annual reporting period beginning 1 July 2023 and must be applied retrospectively. The amendments are not expected to have a material impact to the Group.

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

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

Group's assessment performed to date

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

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

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

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

Group's assessment performed to date

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

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

(iv) Onerous contracts – Costs of fulfilling a contract – Amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*

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

Group's assessment performed to date

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

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

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

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

Group's assessment performed to date

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

(vi) Definition of Accounting Estimates – Amendments to AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Group's assessment performed to date

The amendments are effective for annual reporting periods beginning on or after 1 July 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments are not expected to have a material impact on the Group.

(vii) Disclosure of Accounting Policies – Amendments to AASB 101 *Presentation of Financial Statements* and AASB Practice Statement 2 *Making Materiality Judgements*

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

Group's assessment performed to date

The amendments to AASB 101 are applicable for annual periods beginning on or after 1 July 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

29. Subsequent events

The Directors resolved to pay a final dividend of 5 cents per share (franked to 1.5 cents), comprising of a regular dividend of 5 cents per share to be paid on 21 September 2022 (Note 21).

Apart from the above, there has been no other matter or circumstance which has arisen since 30 June 2022 that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2022, of the Group; or

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 30 June 2022, of the Group.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 35 to 92, in accordance with the Corporations Act 2001:

- comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- as stated in Note 1(a), the consolidated financial statements of the Group also comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the consolidated entity as at 30 June 2022 and of its performance for the year ended on that date.

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

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

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

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

David Trude

Director

Andrew Hansen

Director

Melbourne

24 August 2022

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

Opinion

We have audited the financial report of Hansen Technologies Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

RSM

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 3 in the financial statements	

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

RSM

Impairment of Intangible Assets Refer to Note 12 in the financial statements	
The Group has net book value goodwill of $220 million in respect of acquisitions of subsidiaries as at 30 June 2022. We identified this area as a Key Audit Matter due to the size of the goodwill balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves significant judgements about the future underlying cash flows of the business, discount rates and terminal growth applied. For the year ended 30 June 2022 management have performed an impairment assessment over the goodwill balance by: • calculating the value in use for the CGU using a discounted cash flow model. The model used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years, with a terminal growth rate applied to the 5th year. The cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and • comparing the resulting value in use of the CGU to its respective book value. Management also performed a sensitivity analysis over the value in use calculations, by varying the WACC and other assumptions.	Our audit procedures in relation to management's impairment assessment involved the assistance of our Corporate Finance team where required, and included: • Assessing management's determination that the goodwill should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions, including the cash flow projections, exchange rates, discount rates, and sensitivities used; and • Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

RSM

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Hansen Technologies Limited, for the year ended 30 June 2022, complies with section *300A* of the *Corporations Act 2001.*

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 24 August 2022
Melbourne, Victoria

AUSTRALIAN SECURITIES EXCHANGE (ASX)

The shareholder information set out below was applicable as at 12 August 2022, disclosed pursuant to ASX official listing requirements.

Distribution of shares

The following table summarises the distribution of our listed shares as at 12 August 2022:

Range	Number of holders	Number of shares held	% of issued capital
100,001 and over	66	158,042,141	78.25
10,001 to 100,000	1,120	27,188,751	13.46
5,000 to 10,000	1,101	8,126,566	4.02
1,000 to 5,000	2,854	7,651,551	3.79
1 to 1,000	2,228	969,259	0.48
Total	**7,369**	**201,978,268**	**100.00**

The number of shareholders holding less than a marketable parcel of ordinary shares is 415 holding 5,199 shares (as at the closing market price on 12 August 2022).

Twenty largest shareholders

The following table sets out the top 20 holders of our shares:

Range	Number of shares held	% of issued capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	41,083,447	20.34
OTHONNA PTY LTD	34,739,113	17.20
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	31,182,310	15.44
CITICORP NOMINEES PTY LIMITED	13,963,435	6.91
BNP PARIBAS NOMS PTY LTD	10,794,775	5.34
NATIONAL NOMINEES LIMITED	8,084,876	4.00
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,604,390	0.79
MR CAMERON HUNTER	1,272,222	0.63
CITICORP NOMINEES PTY LIMITED	1,271,522	0.63
PACIFIC CUSTODIANS PTY LIMITED	1,171,783	0.58
SANDHURST TRUSTEES LTD	1,110,207	0.55
MR JAMES LUCAS & MS LESLEY DORMER	800,939	0.40
SCOTT WEIR	609,470	0.30
MRS LILIAN REICHENBERG	546,953	0.27
BUTTONWOOD NOMINEES PTY LTD	422,754	0.21
LAYUTI PTY LTD	404,305	0.20
BROADGATE INVESTMENTS PTY LTD	400,000	0.20
MR DAVID JOHN OSBORNE & MRS LEONE CATHERINE OSBORNE	386,335	0.19
PACIFIC CUSTODIANS PTY LIMITED	342,130	0.17
WILGAMERE INVESTMENTS PTY LTD	329,667	0.16
Total	**150,520,633**	**74.51**
Total other investors	**51,457,635**	**25.49**
Grand total	**201,978,268**	**100.00**

AUSTRALIAN SECURITIES EXCHANGE (ASX) (continued)

Substantial shareholdings

The following table shows holdings of substantial voting rights in the Company's shares as notified to the Company under the Corporations Act 2001 as at 29 July 2022:

Holder	Number of shares held	% of issued capital
Mr Andrew Hansen*	35,277,917	17.47%
Mr David Osborne*	35,125,448	17.39%
Mr Bruce Adams*	34,891,417	17.27%
QVG Capital	9,155,067	4.53%
Long Path Partners	8,955,413	4.43%

* Each of these named persons has a joint interest in a single parcel of 34,739,113 shares as at the date of this report.

Voting rights

Refer to Note 20(c) of the financial statements.

Unquoted equity securities

Unquoted equity securities issued pursuant to the Hansen Technologies Limited Employee Performance Rights Plan as at 29 July 2022:

Range	Number of employees participating	Number of securities
Performance rights	32	1,862,786