THE ABILITY TO ENABLE THE FUTURE.

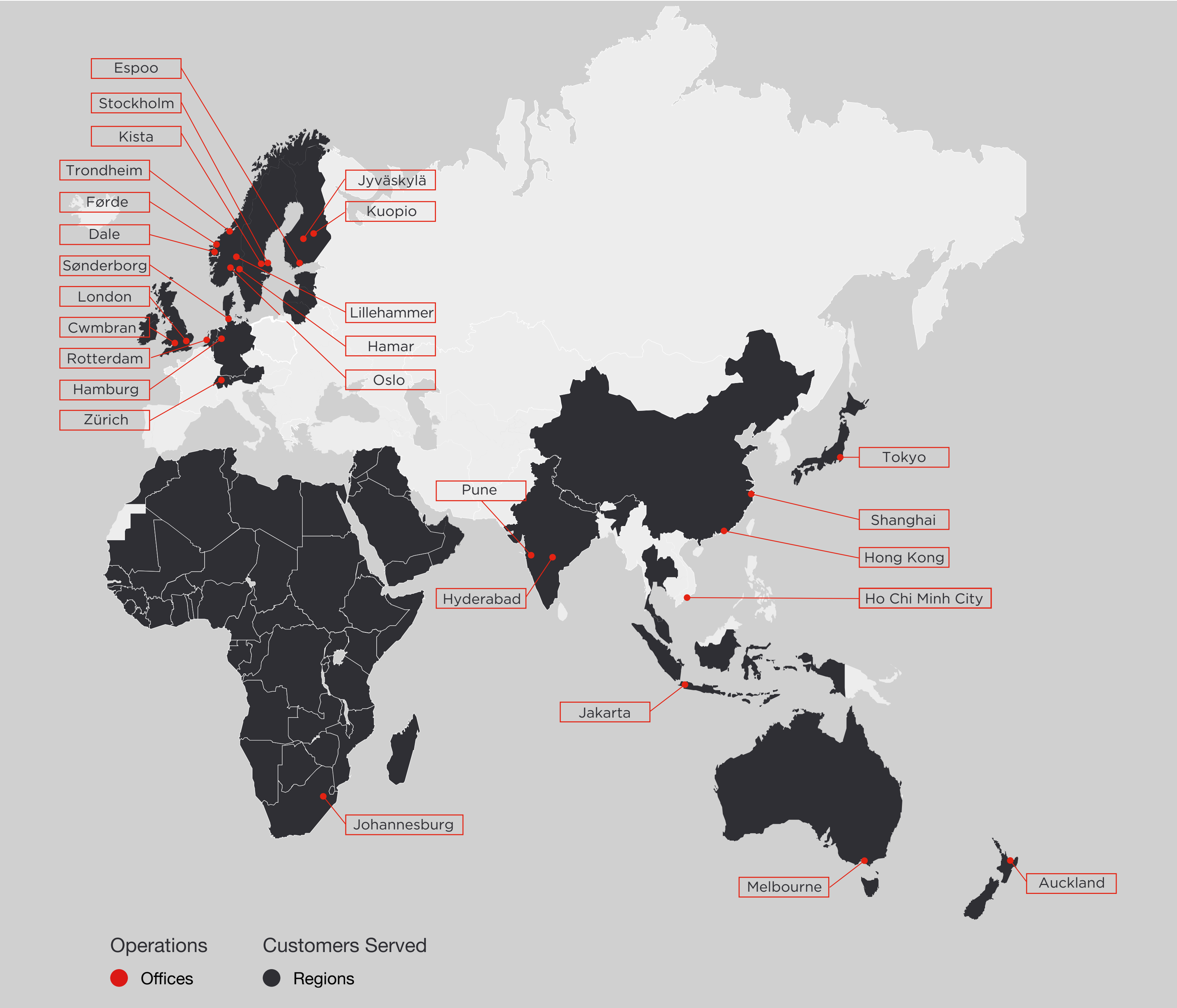
Annual Report
2020

HANSEN
POWER THE NEXT.™

CONTENTS

Notice of Annual General Meeting of the Company to be held on Thursday 26th November 2020 at 11am, via a video conferencing facility.

TURNING TODAY'S ENERGY AND COMMUNICATIONS INTO TOMORROW'S NEXT DIGITALLY DRIVEN EXPERIENCE COMPANIES. USING OUR 1,365+ STAFF SPREAD ACROSS 36 OFFICES TO SUPPORT OUR CUSTOMERS.



GAS, ELECTRICITY AND WATER

Regionally entrenched and global challenger to SAP and Oracle.

$178.8m

Revenue

COMMUNICATIONS

Agile innovation and quick to market.

$117.3m

Revenue

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 2020 (FY20). It is with great pleasure that we share the Hansen results with our shareholders for FY20. As we reflect on the 2020 financial year, we would like to thank our employees who have remained committed and dedicated to making Hansen the best company it can be for its customers and its shareholders. The Hansen Team has once again risen to the challenges and delivered a great result.

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

The Hansen Mission

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

Our Strategy

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

Our acquisition of the Sigma Group has delivered strongly into our strategy and provides the Company with further product innovation. The integration of the Sigma Group has been completed during the period and the Company's global reach has been further enhanced. We also continue to expect further incremental margin improvement over the next few years from the continued improvement in companies recently aggregated into the Hansen family, including Sigma. While revenues have grown, and margins have improved since initial integration, there remains significant opportunity to generate further increased revenue and profitability from these businesses.

Hansen has had great success this year welcoming 20 new customers to the Hansen family. These customers have committed more than $70m of revenue over their initial contract term. These wins have been across both the Energy and Communications verticals. These new customers add to the core that is Hansen.

Hansen's ability to win these new customers in today's competitive environment underscores the strength of our product offering and the relevance of this offering in the marketplace. Revenue growth across the year was also driven by our existing customer base, with many successful upgrades and projects completed throughout the year.

The second half of the year has been delivered against the backdrop of a global pandemic. We are pleased to report that the Hansen business transitioned quickly to a remote working environment where our customers continued to receive the customary high levels of support Hansen is renowned for. Delivering remotely is something we have experience in and the adoption of these methodologies across the Company has resulted in no deterioration in productivity. In fact, we have been able to reduce our cost base and we will take these learnings into our future to further improve our margin.

At Hansen we are fortunate that in servicing the Energy and Communications sectors, our business is aligned with essential services across the world. This generates a stable business environment in these uncertain times.

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

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

Energy customers are looking to consume energy responsibly while reducing their environmental footprint, creating complexity as they look to avail themselves of green energy options and other related services.

The offerings available through our communications providers continue to expand with the introduction of new technology, most recently 5G, supported by a customer base demanding the ability to consume information in a mobile environment.

Hansen is well placed to continue to support its customers and provide a positive customer experience as they service end-user needs.

Company Highlights

$301.4m

Operating revenue

$80.7

Reported EBITDA

Financials

The Group revenues increased by 30.3% up to $301.4m with underlying EBITDA for the year up 39.8% to $78.0m. The integration of the Sigma business together with a rationalisation of the Company's cost base driven by the global pandemic has generated an improved underlying EBITDA margin for the full year of 25.9%.

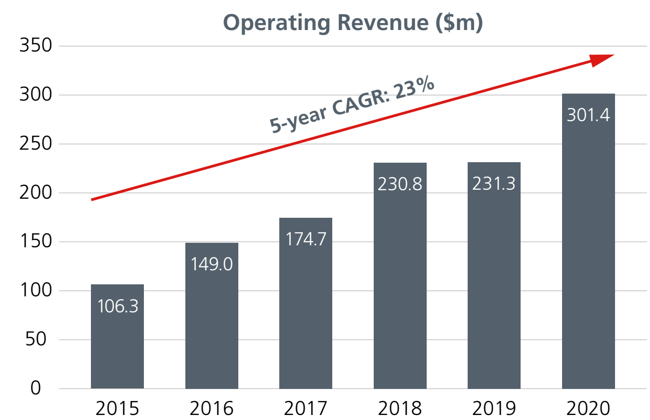
This strong profit performance is further underpinned by the Company's ability to generate cash flow from operations, which was $69.6m and free cash flow of $44.2m after adjusting for the repayment of lease liabilities. Hansen's ability to generate cash in the current environment further underscores the strength it has enabling it to invest in its products and fund acquisitions.

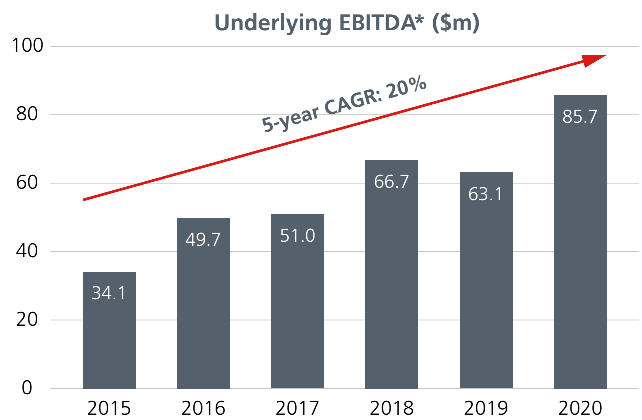
This strong financial outcome has enabled us to declare dividends amounting to 10 cents per share this year returning 46% of NPATA to shareholders.

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

A$ Million	FY20	FY19	Variance %
Operating revenue	301.4	231.3	30.3%
Underlying EBITDA excluding AASB 16 impact[1, 2, 4, 5]	78.0	55.8	39.8%
Underlying NPAT[4, 5]	29.5	24.0	22.9%
Underlying NPATA[1, 3, 5]	47.4	33.7	40.7%
Basic EPS based on underlying NPATA (EPSa)(cents)[1]	23.9	17.1	39.8%

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 and impact of the adoption of AASB 16 *Leases* (AASB 16).
4. Underlying EBITDA, underlying NPAT and underlying NPATA exclude separately disclosed items, which represent the restructuring and one-off costs and income during the period. Further details of the separately disclosed items are outlined in Note 4 to the Financial Report.
5. On 1 July 2019, the Group adopted AASB 16 for the first time, resulting in an increase in EBITDA in the current financial year. Further details on the adoption of AASB 16 are described in Note 13 to Financial Report on pages 63 to 67.





*EBITDA is a non-IFRS term that relates to Earnings before Interest, Tax, Depreciation and Amortisation. The new accounting standard AASB 16 *Leases* has been applied to FY20 and historical performance has been adjusted to reflect an estimated impact of the adoption of this standard. Non-recurring items have been excluded from each year, where applicable.

Every day we set out to inspire and challenge today's energy and communications providers to become tomorrow's next digitally driven experience companies.

Operational Highlights

1. There were significant new logo wins across all regions with the initial contract value totalling $70m.
2. We upgraded several clients in our US Municipality marketplace, cemented our position as the dominant provider of Customer Information Systems (CIS) products in the Nordics and expanded the reach of the Sigma products into new marketplaces in Asia Pacific and EMEA.
3. We have successfully integrated the Sigma Group into the Hansen operations enhancing Sigma's operating margins in the second half of the financial year.
4. A Hansen 'Power the Next' rebranding exercise was completed and rolled out to all jurisdictions. This rebranding represents our value to our customers in helping them reshape how Energy and Communications services are experienced. It represents the 'next new' experiences on the horizon that our customers need to deliver and the next experiences that end-customers want to have and consume.
5. Our network of Industry experts is being further supported with over 350 highly skilled resources deployed within our development centres found in Vietnam and India. This investment commenced in 2018 and is now delivering improved margins across the Hansen Group.
6. We have responded immediately to the global pandemic providing a safe and productive workplace for our people, allowing us to continue to serve our customers effectively today and into the future.

Our Future

We will continue our successful 20-year history of aggregating mature, entrenched, and predictable businesses. Supported by the highly cash generative nature of our business, we will continue to 'Hansenise' these businesses to drive growth and enhance profitability.

What becomes imperative for our customers is the ability to transition from basic providers of services to ones that can capitalise on the growing ecosystems and variety of the next experiences that surround the core connectivity and energy services already provided.

At the core of our proposition is our ability to evolve together with our customers, providing business solutions through our software products that deliver a competitive advantage.

Coupled with the Company's drive to aggregate strategic business we see a future of sustainable revenue growth and increased shareholder value.

Hansen's ability to continue its investment in its products, provide thought leadership through its global experiences and leverage its extensive industry knowledge puts it at the forefront of the industry.

We are confident that our business strategy combined with the strength of our people will ensure the continued success of Hansen, its customers, and its shareholders.

$47.4m

Underlying NPATA

23.9 cents

Basic EPS based on underlying NPATA (EPSa)(cents)

The Hansen Create-Deliver-Engage Suite is a set of software applications that powers today's energy, utility, water and communications companies.

BOARD OF 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 72

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

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

Mr Andrew Hansen
Managing Director and CEO

Managing Director since 2000

Age 60

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 60

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

From 2002 until 2019, after more than 10 years as a partner of two Melbourne law firms, Bruce held the position as general counsel of Club Assist Corporation Pty Ltd, a worldwide motoring club service provider. Bruce holds degrees in Law and Economics from Monash University.

Mr Don Rankin
Non-Executive Director

Appointed on 21 November 2019
Chair of the Audit and Risk Committee
Member of the Remuneration Committee

Age 68

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

With over 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.

Mr David Osborne

Non-Executive Director

Director since 2006
Member of the Audit and Risk Committee

Age 71

David is a Fellow of the Institute of Chartered Accountants, and a Fellow of the Australian Institute of Company Directors, with over 50 years of financial management, taxation and accounting experience in public practice. David's experience includes having been the Audit Partner of his accounting practice and a Registered Company Auditor for over 25 years. He also has experience in the various aspects of risk management.

David has a long-standing association with Hansen, having been a Board member for some years prior to the Company's listing on the ASX in June 2000.

Ms Jennifer Douglas

Non-Executive Director

Director since 2017
Member of the Remuneration Committee
Member of the Audit and Risk Committee

Age 54

Jennifer has over 25 years' experience in the technology and media industries. Jennifer started her career as a lawyer before holding Senior Executive roles at Telstra and Sensis from 1997 to 2016. She has significant experience in driving growth and customer-centred change. Jennifer holds degrees in Science and Law from Monash University, a Masters of Law and Masters of Business Administration from Melbourne University and is a Graduate of AICD.

Jennifer is also a Non-Executive Director of GUD Holdings Limited, OptiComm Limited, Essential Energy, the St Kilda Football Club and the Peter MacCallum Cancer Foundation.

Mr David Howell

Non-Executive Director

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

Age 62

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

David is also Non-Executive Chairman of Littlepay (an Australian fintech company) and a Non-Executive Director of Tiger Pistol Pty Ltd (a digital marketing agency).

Ms Julia Chand

General Counsel and Company Secretary

Company Secretary since 2014

Age 50

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.

On 19 December 2019, Ms Sarah Morgan resigned as Director of Hansen Technologies Limited. Sarah joined the Board in 2014 in a non-executive capacity. Sarah was the Chair of the Audit and Risk Committee and a Member of the Remuneration Committee until her resignation. Sarah has extensive experience in the finance industry, primarily as part of independent corporate advisory firm Grant Samuel. Sarah has been involved in public and private company mergers and acquisitions, as well as equity and debt capital raisings. Sarah holds a degree in Engineering and a Masters of Business Administration from the University of Melbourne, and is a Graduate of AICD. During her time in Hansen Technologies Limited, Sarah was also a Non-Executive Director of Intrepid Group, Whispir Limited, Adslot Limited, Future Generation Global Investment Company Limited, the National Gallery of Victoria Foundation and Nitro Software Limited.

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 2020.

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 2020, 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:

	2020 A$ Million	2019 A$ Million	Variance %
Operating revenue	301.4	231.3	30.3%
Underlying EBITDA excluding AASB 16 impact[1, 2]	78.0	55.8	39.8%
Underlying NPAT[2]	29.5	24.0	22.9%
Underlying NPATA[1,2]	47.4	33.7	40.7%
Basic Earnings Per Share (EPS)(cents)	13.0	10.9	19.3%
Basic EPS based on underlying NPATA (EPSa)(cents)[1]	23.9	17.1	39.8%

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 6.
2. On 1 July 2019, the Group adopted AASB 16 for the first time, resulting in an increase in EBITDA in the current financial year. Further details on the adoption of AASB 16 are described in Note 13 to Financial Report on pages 63 to 67.

In 2020 the business continued to deliver strong results after the record 2019 year, and EBITDA exceeded the profit guidance provided in August 2019. Further details on the Group's results are outlined in the Chairperson and Chief Executive Officer Joint Report on page 4.

The Group's revenue for the financial year was higher than the previous corresponding period as a result of the acquisition of Sigma Systems business (Sigma) on 1 June 2019. This acquisition has resulted in the rebalancing of the Group's market portfolio which, post the acquisition of Enoro in FY18, was initially weighted towards the energy sector. With Sigma's revenues concentrated in the communications sector, the Group's revenue portfolio is now rebalanced to ensure greater diversification across multiple industries, regions and clients.

Continued investment in Sales and Marketing has increased Hansen's profile in target markets and further reinforced the Group's long-term customer relationships.

Investment in our global infrastructure and products has continued throughout the period ensuring our business remains scalable and appropriately poised for growth.

The Group has generated operating cash flows of $69.6 million, which has been used to retire net external debt of $27.8 million, fund our ongoing product development program, and pay dividends of $10.1 million (net of dividend reinvestments). With the Group's cash generation capabilities, Hansen is well placed to continue to acquire mature, predictable businesses in the Energy and Communications sectors, expanding its global reach.

Billing segment

The Billing segment represents a major part of the Group's business operations, delivering $291.6 million of revenue in 2020 (2019: $218.4 million), which translates into a 33.5% increase. Segment profit before tax was $33.2 million in 2020 (2019: $33.1 million), representing a 0.3% increase.

Other activities

Segment revenues from other activities was $9.7 million in 2020 (2019: $12.9 million), representing a 24.8% decrease for the year. This 24.8% decrease in revenues resulted from an expected reduction in business activity associated with the Customer Care call centre. Segment profit before tax was $0.7 million for 2020 (2019: $1.6 million), representing a 56.3% decrease 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.

Events after balance sheet date

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. Refer to Note 30 in the Financial Report for further information.

Opportunities and business risks

The business remains committed to increasing shareholder value and the recent acquisition of Sigma is aligned with this objective. We believe the opportunities to grow the Group's organic revenues and win new clients is enhanced with this acquisition.

The Energy and Communications markets are undergoing further change and are increasing in complexity. Regulation and other changes such as solar provisioning, smart metering, energy market settlements and the introduction of next-generation 5G network technology create greater demand for highly complex and sophisticated billing systems and enhanced functionality that can keep abreast of market changes.

Organic and strategic growth opportunities within the business for above-trend performance include, but are not limited to:

- a higher than expected demand for services from customers from changing business needs;
- significant new customers due to increased marketing efforts and product innovation;
- greater take-up of product upgrades from existing customers; and
- a higher than expected conversion rate associated with targeted aggregation opportunities.

To ensure our goals are achieved, the Group continues to refer to the robust risk framework that is continually monitored, managed and responded to. As the Group continues to grow, we continue to identify, control, plan, and co-ordinate effective responses to a wide array of risks which include, but are not limited to the following:

- Security or data incidents: As a technology-focused business, managing security and taking care of 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 having a globally diverse customer base across various industry sectors.
- 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.

We manage risks by monitoring our market-place and global conditions.

Outlook and likely developments for FY21

Hansen will continue to pursue its operating strategy of providing billing and related data management solutions to our targeted segments while assessing appropriate aggregation opportunities to enhance shareholder value.

Items of specific focus for 2021 include:

- investigate and develop cross-selling opportunities into the energy market and leverage our investment in Sigma's intellectual property; and
- leverage the Group's network of low-cost development centres to improve both customer delivery and Hansen margins.

Environmental regulations and climate change

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

Corporate governance statement

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

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

Dividends paid, recommended and declared

A final dividend of 7 cents per share has been declared, partially franked to 0.70 cents per share, comprising a regular dividend of 5 cents per share, together with a special dividend of 2 cents per share. The final dividend was announced to the market on 28 August 2020 with payment to be made on 25 September 2020.

The amount declared has not been recognised as a liability in the accounts of the Company as at 30 June 2020.

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

- 3 cents per share partially franked to 1.59 cents interim dividend paid 26 March 2020, totalling $5,211,064; and
- 3 cents per share partially franked to 2.60 cents final dividend paid 26 September 2019, totalling $4,903,630.

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

Share options and performance rights

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

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 2020 are as follows:

Grant Date	Number of Rights Granted on 1 Sept 2019[1]		
Executives	STI	LTI	Total
A Hansen	-	119,969	119,969
C Hunter	9,270	21,188	30,458
D Meade	9,315	21,291	30,606
G Taylor	8,927	20,405	29,332
N Fernando[2]	8,835	20,195	29,030
Total	**36,347**	**203,048**	**239,395**

1. The number of rights granted that will vest is conditional on achievement of targets under the LTI and Deferred STI plan. Refer to the Remuneration Report for further details.
2. Niv Fernando resigned on 31 July 2020.

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

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

Shares under options and performance rights

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

Instrument	Plan	Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Options/Rights at Date of Report
Options	LTI	2 Jul 2015	2 Jul 2018	2 Apr 2021[1]	$2.67	885,000
Options	LTI	22 Dec 2016	31 Aug 2019[2]	22 Dec 2021	$3.59	-[3]
Rights	LTI	2 Jul 2017	31 Aug 2020[2]	-	Nil	345,494[4]
Rights	LTI	2 Jul 2018	31 Aug 2021[2]	-	Nil	480,079
Rights	STI	1 Sept 2019	30 Jun 2022	-	Nil	87,218
Rights	LTI	1 Sept 2019	30 Jun 2022	-	Nil	489,306

1. The original expiry date for this tranche of options was 2 July 2020. However, due to the COVID-19 pandemic's impact on financial markets, the Board exercised its discretion to extend the expiry date for the remaining options to 2 April 2021.
2. The vesting date for options granted on 22 December 2016, 2 July 2017 and 2 July 2018 is the date on which the Board notified or will notify the executive that the options have vested, after the outcomes for the measurement period have been determined and satisfaction of the performance conditions have been assessed.
3. Options issued on 22 December 2016 did not meet the required performance measurement hurdles for these options to vest and/or be exercisable.
4. Performance rights in relation to the EPSa CAGR measure exceeded the required performance measurement hurdles and will vest 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.

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

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

Shares issued on exercise of options and performance rights

The following ordinary shares of the Company were issued during or since the end of the financial year as a result of the exercise of an option:

Date Issued	Number of Ordinary Shares Issued	Amount Paid Per Share
1 July 2019	265,000	1.30
1 June 2020	40,000	2.67
Total	305,000	

There are no amounts unpaid on shares issued on exercise of options. No shares were issued during or since the end of the financial year on exercise of performance rights.

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	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr David Trude	16	16	-	-	-	-
Mr Bruce Adams	16	16	-	-	4	4
Mr Andrew Hansen	16	16	-	-	-	-
Ms Sarah Morgan[1]	6	6	3	3	3	3
Mr Don Rankin[2]	12	12	4	4	1	1
Mr David Osborne	16	16	6	6	-	-
Ms Jennifer Douglas	16	15	6	6	4	4
Mr David Howell	16	16	6	6	4	4

1. Sarah Morgan resigned on 19 December 2019.
2. Don Rankin was appointed as a Non-Executive Director on 21 November 2019.

Four additional Board meetings were held during the financial year to consider impacts of and response to the COVID-19 pandemic.

Directors' interests in shares or options

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

Directors' Relevant Interests in:	Ordinary Shares of the Company	Options/Rights over Shares in the Company
Mr David Trude	103,956	-
Mr Bruce Adams[1,2]	34,891,417	-
Mr Andrew Hansen[1]	34,967,499	385,400
Mr Don Rankin	25,000	-
Mr David Osborne[1,2]	35,125,448	-
Ms Jennifer Douglas	16,000	-
Mr David Howell	33,666	-

1. Each of Mr Bruce Adams, Mr Andrew Hansen and Mr David Osborne has a joint interest in a single parcel of 34,739,113 shares as at the date of this report.
2. For further details, please refer to the substantial shareholding notice lodged with the ASX dated 16 August 2019.

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 26 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.

	2020 $	2019 $
Amounts paid and payable to RSM Australia Partners for non-audit services:		
– taxation services	-	-
– compliance services	-	-
	-	-
Amounts paid and payable to network firms of RSM Australia Partners for non-audit services:		
– taxation services	110,275	52,349
– compliance services	31,420	14,709
	141,695	67,058
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	-	-
– compliance services	-	-
	-	-
Total auditor's remuneration for non-audit services	141,695	67,058

Auditor's remuneration is disclosed in Note 27 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 2020 financial year.

The 2020 financial year is a year which can be characterised as unique. With the incidence of COVID-19, unprecedented challenges have faced businesses across the globe. Our Company, as a global service provider, has had to respond to these challenges and the complexities have been substantial. However, it is extremely pleasing that the Company has once again had a very successful year, despite this complexity.

With the onset of COVID-19 in the second half of the year, all members of our Global Team have been working remotely to deliver to our customers and shareholders. It is a great credit to the team that this delivery has ensured the Company met its profit performance targets. Based on the Group's performance, all of our target Short-Term Incentive (STI) cash-component payments were awarded to our KMP against financial and non-financial KPIs set for the year. In line with the recommendations adopted by the Board last year, 25% of the STIs awarded this year will be paid as deferred equity, in the form of rights, with a vesting period of two years.

With the end of financial year 2020, the LTI Program implemented on 1st of July 2017 completed its measurement period of three years. I am pleased to report that with the exceptional EPS growth achieved over the measurement period, this measure has qualified for acceleration and will be paid out at a 150% of the entitlement. Unfortunately, the Ranked TSR measurement criteria did not meet the required standard and will not be paid (refer to Performance outcomes against FY18 on page 26).

The Board is also conscious that with the world in the grip of a global pandemic, the structure of Executive Remuneration for the coming year at least must focus on finding a balance between cost control and structuring remuneration to ensure we retain the strong Executive Team and create an environment where we can attract the appropriate talent. A greater emphasis on the short term is considered important by the Board to ensure the business manages the immediate impact of the pandemic, whilst being mindful of the longer term to ensure the business is optimally placed for the recovery ahead. To that end, the Board has made the following adjustments to the Remuneration Framework for FY21:

- Both Executive Remuneration and Board Fees have been frozen for a period of six months from 1 July 2020, at which time a further assessment will be made.
- The Board has suspended the LTI Program for this year and has enhanced the STI Program for the coming year to reward the Executive Team based on the short-term financial performance of the business and key non-financial criteria set by the Chief Executive. Under the current STI framework, 25% of awarded STIs are paid in the form of a deferred equity component. This component will be increased for the coming year to equate to the added value of the LTI, had the LTI been retained. Details of the plan structure is found on pages 31 to 32 of this report.

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

Yours sincerely,

David Howell
Chair of the Remuneration Committee

Our detailed Remuneration Report (Audited)

The Remuneration Report for the year ended 30 June 2020 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. FY21 Enhanced STI Plan
6. Contractual arrangements with Executive KMP
7. Remuneration details: Non-Executive KMP
8. Share-based remuneration disclosures
9. Other transactions with KMP

1. Persons to whom this report applies

The remuneration disclosures in the report cover the following persons who were classified as the Key Management Personnel (KMP) of the Group during the 2020 financial year. KMP's are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group:

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

Non-Executive Directors	
David Trude	Chairperson and Independent Non-Executive Director
Bruce Adams	Non-Executive Director
Jennifer Douglas	Independent Non-Executive Director
David Howell	Independent Non-Executive Director
Sarah Morgan	Independent Non-Executive Director (resigned on 19 December 2019)
Don Rankin	Independent Non-Executive Director (appointed on 21 November 2019)
David Osborne	Non-Executive Director

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

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

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 2020, the Remuneration Committee was made up of four Non-Executive Directors: David Howell (Chair of the Remuneration Committee), Jennifer Douglas, Bruce Adams, and Don Rankin, the majority of whom are independent.

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

The Remuneration Committee assesses the appropriateness of both the nature and amount of the remuneration of 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 including 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	REMUNERATION COMMITTEE	BOARD
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 STI payments for the future measurement period.	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.	Reviews the Remuneration Committee's recommendations. Approves current year STI and LTI payments. Approves the remuneration and remuneration structure for the future measurement period, 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 most recent AGM held on 21 November 2019, shareholders approved an increase to the Non-Executive Directors' maximum remuneration payable from $520,000 to $630,000. No increase in fees is sought for this financial year.

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

(iii) Independent advice

To support the review of the 2020 Remuneration Framework, the Remuneration Committee has adopted the independent information, observations, and advice from PricewaterhouseCoopers (PwC) in relation to remuneration strategy, structure and market practice. Potential conflicts of interest were considered by the Committee, and both the Committee and the Board are satisfied that the advice provided by PwC was free from undue influence. Any advice provided by PwC was used as a guide only and was not a substitute for detailed consideration of all the relevant issues by the Committee. No remuneration recommendations, as defined by the *Corporations Act 2001*, were provided during the year.

(b) Remuneration structure (FY20 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 Incentives (STI)	CEO – Cash Other KMP – Cash + deferred performance rights (2 years)	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 Incentives (LTI)	Performance rights to shares (3 years)		Continuous employment, relative Total Shareholder Returns (TSR) and adjusted Earnings Per Share

(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 32 for a summary of Executive KMP contracts.

(ii) FY20 Short-Term Incentive (STI) Plan

Objective

To incentivise and align the rewards attainable by Executive KMP with the achievement of specific annual objectives of the Group and the creation of shareholder value.

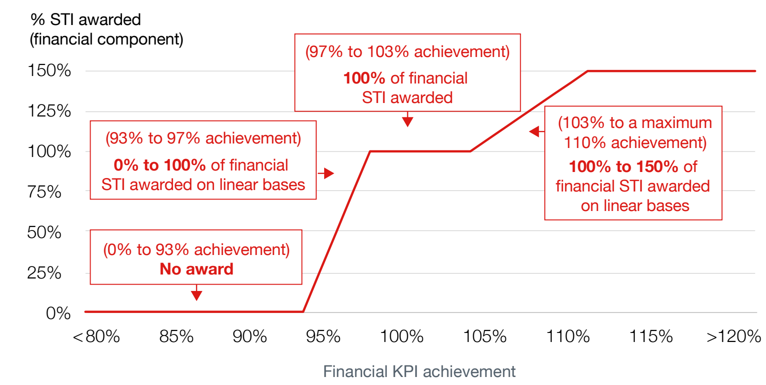
How is it paid?

For the CEO, all incentives will be paid in cash. For all other KMP, 75% of the incentives will be paid through annual cash entitlement on achievement of specific annual financial and non-financial KPIs and 25% will be awarded as equity, subject to a two-year deferral period which recipients must remain employed with the Company.

How much can executives earn?

Target STI benefit is set at 40% of TFR for the CEO and 35% of TFR for other Executive KMP. These are subject to the following minimum and target performance thresholds:

Financial KPIs (70% total STI)



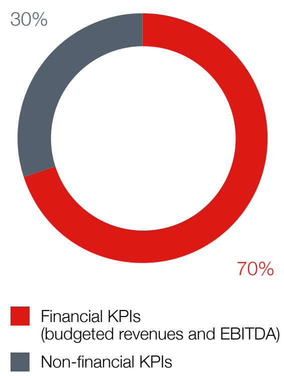
Non-financial KPIs (30% total STI) — Non-financial KPIs outcome is assessed and awarded up to a maximum of 100% based on outcomes.

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 the business plan and strategy and building shareholder value. 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 18.

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 longer-term shareholder value. 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 18.



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

The Board retains final discretion over STI payments to ensure outcomes appropriately reflect performance and achieve objectives of the STI 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 executive will be entitled to a pro-rata cash payment based on assessment of performance according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior before the end of the financial year, no STI is awarded for that year. Similarly, any deferred STI awards are forfeited, unless otherwise determined by the Board. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.
Changes from the FY19 STI Plan	For all KMP other than the CEO (who is already a significant shareholder), a new deferred equity component was introduced where 25% of all future awards under the STI Plan will be awarded as equity, subject to a two-year deferral period, within which recipients must remain employed by the Company. This facilitates quicker equity participation for executives encouraging ‘owner like’ behaviours in the business. STI opportunity levels were increased as a fixed percentage of TFR by 10% to ensure that the recipient will not be ‘worse off’ from a cash flow perspective. Malus and clawback provisions were introduced for all equity components allowing the Board to adjust awards for risks which materialised during and after the vesting periods.

(iii) FY20 Long-Term Incentive (LTI) – Executive Performance Rights 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 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: 20% of TFR delivered as performance rights subject to vesting conditions. The number of performance rights issued is based on each executive’s target LTI benefit divided by the market value of the rights. The market value of rights granted is based on the volume-weighted average price of the Company’s shares during the five-day period before grant date. LTI benefits of up to 150% of target LTI is payable where performance criteria are exceeded.
How is 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.

REMUNERATION REPORT CONTINUED

How is performance measured?

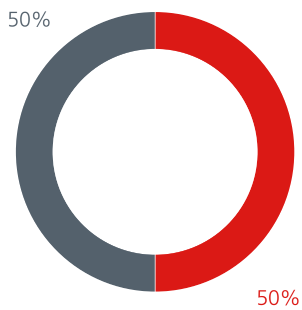
Vesting of the LTI awards are subject to the following criteria:

1. Three years of continuous employment with the Group from 1 July 2019 to 30 June 2022.
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 Industrials Index).

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



Adjusted Earnings Per Share (EPSa)

Based on the basic EPS compound average growth rate (CAGR) over the measurement period, adjusted to exclude non-cash tax-effected amortisation of acquired intangibles.

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

The Board may also determine to 'normalise' EPSa to exclude one-off amounts and therefore derive an underlying EPSa for the basis of the calculation.

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 EPSa CAGR is determined based on the following vesting schedule:

EPSa CAGR	Percentage of performance rights that will vest
< 6%	None
Between 6% to 10%	100% to 150% on a pro-rata basis
> 10%	150%

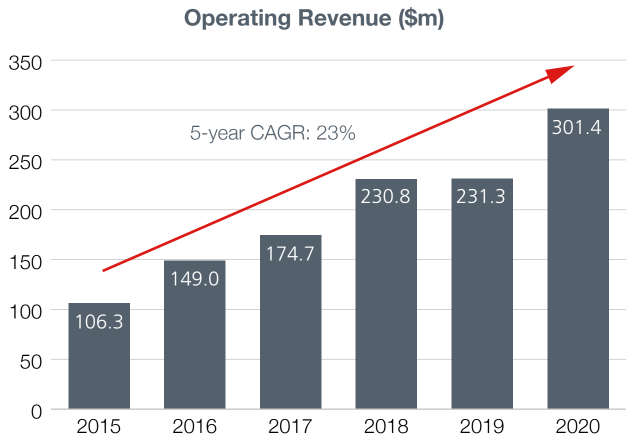
Performance rights will be forfeited if performance conditions are not met. However, the Board has discretion to increase or reduce the amount awarded if the Board considers the outcome to be misaligned given the circumstances that prevailed over the relevant measurement period and the experience of shareholders.

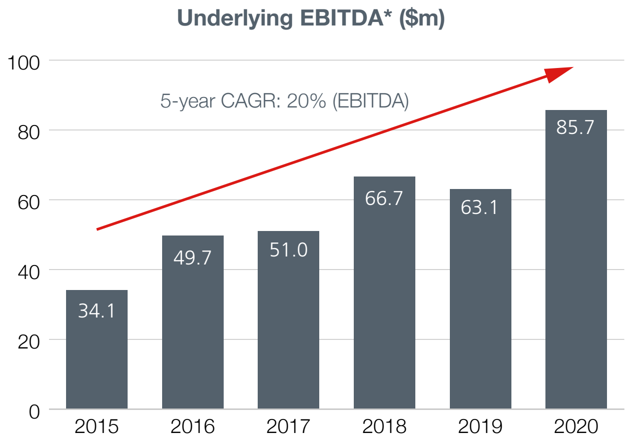
What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g. death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board), then 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.
What are the performance rights entitlements?	Performance rights issued to executives are not able to be traded on the ASX. They do not qualify for receipt of dividends or have any voting rights until they have been exercised immediately on vesting date and converted to shares by the employee.
Are there any restrictions attached to the performance rights?	The Group prohibits Executive KMP from entering into arrangements to protect the value of unvested equity awards. The prohibition includes entering into contracts to hedge their exposure to any awards as part of their remuneration package. Performance rights cannot be transferred to, or vest in, any person or body corporate other than the Executive KMP.
Changes from the FY19 LTI Plan	For all KMP other than the CEO, there was a decrease in LTI opportunity levels as a fixed percentage of TFR by 5% to rebalance the increase in the STI opportunity. Malus and clawback provisions were introduced for all equity components allowing the Board to adjust awards for risks which materialised during and after the vesting periods.

3. How reward was 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 years is below.





* EBITDA is a non-IFRS term that relates to Earnings before Interest, Tax, Depreciation and Amortisation. The new accounting standard AASB 16 *Leases* has been applied to FY20 and historical performance has been adjusted to reflect an estimated impact of the adoption of this standard. Non-recurring items have been excluded from each year, where applicable.

For FY20, budget targets were established for Group Revenue and EBITDA, and the STI financial payment gate was set with respect to these targets. Both the Group's Revenue and EBITDA were within the budget thresholds this year and all non-financial goals were met for the STIs to be awarded. Refer to the operational and financial review section of the Directors' Report for further information about the Group's FY20 performance.

	FY20			FY19		
	Total Opportunity $	Awarded 70% Financial	Awarded 30% KPIs	Total Opportunity $	Awarded 70% Financial	Awarded 30% KPIs
Andrew Hansen	371,423	100%	100%	364,140	100%	100%
Cameron Hunter	143,496	100%	100%	100,488	100%	50%
Darren Meade	144,196	100%	100%	100,979	100%	100%
Graeme Taylor	138,191	100%	100%	96,772	100%	100%
Niv Fernando[1]	136,769	100%	100%	95,776	100%	100%

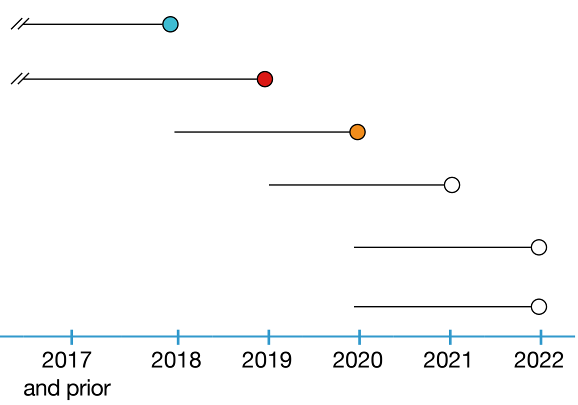
1. Niv Fernando resigned on 31 July 2020.

(b) Performance against equity outcomes

Our legacy LTI plans will continue to be measured and reported through until the Group's FY22 Remuneration Report. As a consequence of legacy LTI plans and the current LTI framework, in FY20 we have three different years of awards that will be tested, and in due course, will subsequently vest or lapse based on their differing terms and vesting conditions.

The following table sets out the different legacy awards that are currently in place as at the end of FY20, each with their specific grant details and performance measures, including the STI deferral:

Grant date	Security	Performance Measure/s	Sect. 3 Ref.	Status
2 Jul 2015	Option	1st year revenue and EBITDA, 3-yr cont. employment	(b)(i)	
22 Dec 2016	Option	EPSa, rTSR, 3-yr cont. employment	(b)(ii)	
2 Jul 2017	Right	EPSa, rTSR, 3-yr cont. employment	(b)(ii)	
2 Jul 2018	Right	EPSa, rTSR, 3-yr cont. employment	(b)(ii)	
1 Sept 2019	Right	2-yr cont. employment after achieving FY20 STI measures[1]	(b)(ii)	
1 Sept 2019	Right	EPSa, rTSR, 3-yr cont. employment	(b)(ii)	



— Measurement period ■ Fully vested □ Yet to vest ■ Failed to vest

■ 150% of EPSa-linked rights will vest and the rTSR-linked rights did not satisfy market conditions.

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

For the Group's legacy LTI plans where options will be awarded, once an option has vested, if the employee wishes to convert the options to shares, the employee must pay in cash to the Company the exercise price multiplied by the number of options received, e.g. for 100,000 options with an exercise price of $3.00 per share, the employee will be required to pay $300,000 to convert the options to shares.

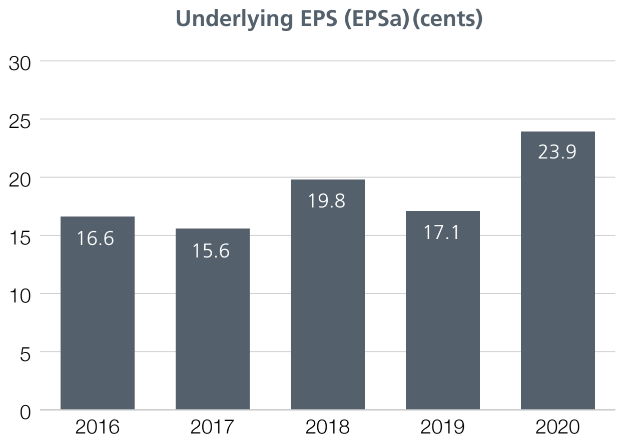
(i) Performance against LTI plan measures (2015 LTI plans)

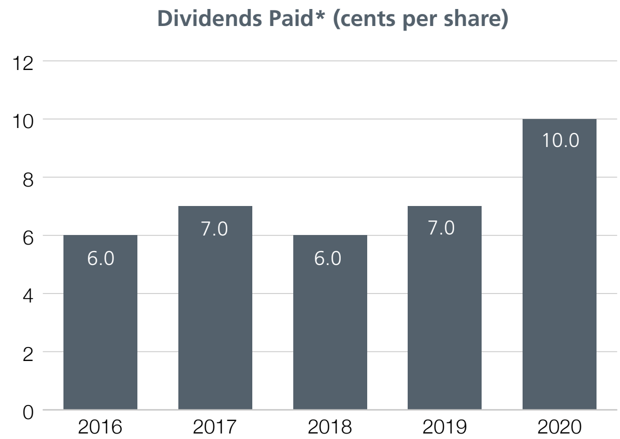
All KMP eligible for the legacy LTI plans remained with the Company during the measurement period and continue to be in office at the end of FY20.

The Board exercised its discretion to extend the expiry of the exercise of options granted in the (FY16) 2015 LTI plans from 2 July 2020 to 2 April 2021 to address the impact of the COVID-19 pandemic on the financial markets.

(ii) Performance against LTI plan measures (2016 LTI plans and onwards)

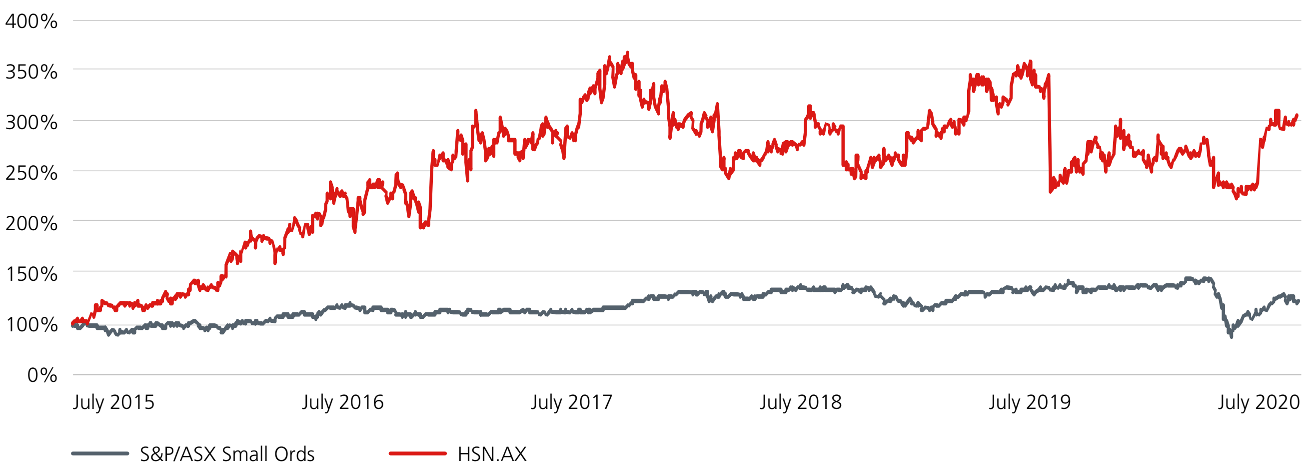
A summary of key measurement criteria of the Group's performance relevant for assessing shareholder value creation over the last five financial years is shown below:





* 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 FY20 LTI plan, but is included as part of the calculation of relative TSR.

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



Performance outcomes against FY17 (2016) LTI plan measures

Options under the FY17 (2016) LTI plan did not meet the required performance measurement hurdles for the options to vest and/or be exercisable.

The below table sets out the value of options under legacy LTI plans that were exercised during FY20 and FY19:

	FY20 Value exercised* $	FY19 Value exercised* $
Andrew Hansen	-	-
Cameron Hunter	-	-
Darren Meade	-	-
Graeme Taylor	-	-
Niv Fernando[1]	-	225,000

1. Niv Fernando resigned on 31 July 2020.

* Represents the intrinsic value of options that were exercised during the financial years 2020 and 2019, which is the net dollar value of shares realised from the exercise of profitable options. Intrinsic value is calculated as the difference between the exercise price and the underlying share price at the date of exercise. For example, an option with an exercise price of $2.00 exercised when the underlying share price is $5.00 has an intrinsic value of $3.00.

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

Performance outcomes against FY18 (2017) LTI plan measures

Performance rights under the FY18 (2017) LTI plan exceeded the required performance measurement hurdles in relation to the EPSa CAGR measure and will vest on an accelerated basis paying 150% of the entitlement on 31 August 2020. Performance rights associated with the TSR hurdle did not satisfy market conditions.

The below table sets out the LTI performance targets and outcomes under the FY18 (2017) LTI plan framework:

Measure	Minimum target	Maximum target	Actual outcome	Rights granted	Market conditions not satisfied	Additional rights that will vest	Rights that will vest and are exercisable at reporting date
Relative TSR	50th percentile	75th percentile	N/A[1]	108,717	108,717	-	-
EPSa CAGR	6% CAGR	10% CAGR	15.7% CAGR	108,718	-	54,359	163,077
Total rights				217,435	108,717	54,359	163,077

1. Hansen's TSR must be positive to pass the gate for TSR exercise conditions.

Performance outcomes against FY19 (2018) LTI Plan and FY20 (2019) LTI Plan measures

Performance rights granted in FY19 (2018 plan) and FY20 (2019 plan) have performance conditions attached that will be measured over three years. Assessment and vesting (where conditions are satisfied) will happen after the completion of FY21 for the 2018 plan and FY22 for the 2019 plan. See section 4(c) for a summary of performance rights granted during FY20.

The table below sets out the value of STI and LTI performance rights granted in FY20 and FY19:

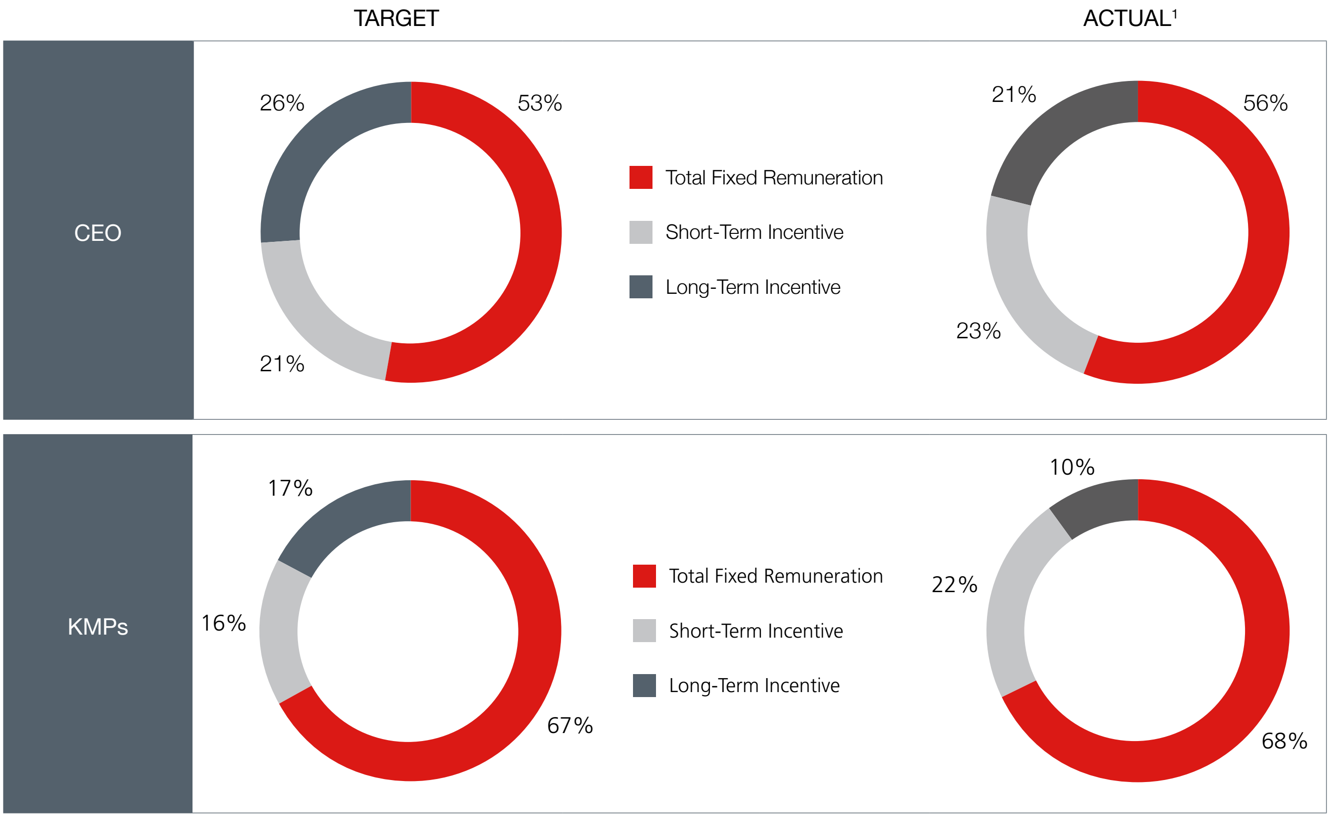
	FY20 Value granted* $	FY19 $
STI		
Cameron Hunter	28,829	-
Darren Meade	28,970	-
Graeme Taylor	27,763	-
Niv Fernando[1]	27,478	-
LTI		
Andrew Hansen	339,511	446,862
Cameron Hunter	59,962	98,653
Darren Meade	60,255	99,134
Graeme Taylor	57,745	95,005
Niv Fernando[1]	57,151	94,026

* Represents the value of performance rights at grant date, calculated in accordance with AASB 2 *Share-based Payment*, granted during the year as part of remuneration under the terms of the FY20 deferred STI and LTI Plans and FY19 LTI Plans.

1. Niv Fernando resigned on 31 July 2020.

(c) Total remuneration mix

The following diagrams set out the proportional mix of remuneration for the CEO and each KMP at both the target amount and the actual remuneration achieved for FY20:



1. Target and actual remuneration mix is calculated based on the combination of each CEO and KMP's Total Fixed Remuneration for FY20, total value of STIs awarded in relation to actual performance outcomes for FY20, and the value of LTIs granted in FY20 under the terms of the FY20 LTI plan. The proportional mix of remuneration for KMP is based on an average amount. The difference between the target and actual remuneration mix relates to the value of equity-based incentives, of which the target was based on the share price, while the actual was based on the fair value of the performance rights at grant date using a conventional Black Scholes option pricing model (BSOPM) for the STI rights and using a Monte Carlo simulation option pricing model and BSOPM for the LTI rights.

4. Remuneration details: Executive KMP

(a) Statutory remuneration details

Details of Executive KMP remuneration for the 2019 and 2020 financial years are set out in the table below:

		Fixed Remuneration					Variable Remuneration		Total	
Executive KMP	Year	Cash Salary $	Super $	Non-monetary Benefits $	Annual and Long Service Leave $	Total $	STI[1,2] Awarded $	LTI[2] Fair Value $	Total $	Performance Related %
Andrew Hansen	2020	860,926	25,000	34,848	72,785	993,559	371,423	410,874	1,775,856	44%
	2019	843,240	24,999	31,157	62,497	961,893	399,140	242,346	1,603,379	40%
Cameron Hunter	2020	392,398	25,000	11,504	14,952	443,854	136,451	95,321	675,626	34%
	2019	383,359	25,000	13,796	59,525	481,680	85,415	53,143	620,238	22%
Darren Meade	2020	395,749	25,000	-	11,414	432,163	137,116	94,777	664,056	35%
	2019	387,237	25,000	-	17,777	430,014	100,979	53,130	584,123	26%
Graeme Taylor	2020	381,264	25,000	-	(15,988)	390,276	131,407	91,796	613,479	36%
	2019	370,321	25,000	-	21,083	416,404	131,772	52,059	600,235	31%
Niv Fernando[3]	2020	377,115	25,000	-	7,981	410,096	130,054	90,851	631,001	35%
	2019	366,253	25,000	-	9,672	400,925	130,776	52,039	583,740	31%
Total	**2020**	**2,407,452**	**125,000**	**46,352**	**91,144**	**2,669,948**	**906,451**	**783,619**	**4,360,018**	**39%**
	2019	**2,350,410**	**124,999**	**44,953**	**170,554**	**2,690,916**	**848,082**	**452,717**	**3,991,715**	**33%**

1. Represents STI awarded and accrued in relation to actual performance during the 2020 and 2019 financial years. This includes performance rights granted as remuneration that are valued at grant date in accordance with AASB 2 *Share-based Payment* and amortised over vesting period. STI performance rights applies to all KMP other than the CEO.
2. Performance rights granted as remuneration are valued at grant date in accordance with AASB 2 *Share-based Payment* and amortised over vesting period.
3. Niv Fernando resigned on 31 July 2020.

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

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

Grant Date	Vesting Date	Expiry Date	Exercise Price	Value Per Option at Grant Date	Performance Achieved	% Vested	Number of Options on Issue at 30/6/2020
2 Jul 2015	2 Jul 2018	2 April 2021[1]	$2.67	$0.56	100%	100%	400,000
22 Dec 2016	31 Aug 2019[2]	22 Dec 2021	$3.59	$1.19	0%[3]	0%[3]	-

1. The original expiry date for this tranche of options was 2 July 2020. However, due to the COVID-19 pandemic impact on financial markets, the Board exercised its discretion to extend the expiry date for the remaining options to 2 April 2021.
2. The vesting date for options granted on 22 December 2016 is the date on which the Board notified the executive that the options have vested, after the outcomes for the measurement period have been determined and satisfaction of the performance conditions have been assessed.
3. Options granted on 22 December 2016 did not meet the required performance measurement hurdles for the options to vest and/or be exercisable.

The number of options over unissued ordinary shares in the Company provided as remuneration to Executive KMP is shown in the table on the following page. The options carry no dividend or voting rights.

Options granted to Executive KMP which remain unvested at 30 June 2020 and outstanding are detailed below:

	Balance 30/6/2019	During Year Ended 30/6/2020				Balance 30/6/2020		
Name and Grant Date	Opening Balance	Exercise Price	Market Condition Not Satisfied	Forfeited	Exercised	Vested and Exercisable	Vested and Un-exercisable	Unvested
Andrew Hansen								
22 Dec 2016[1]	535,714	$3.59	(267,857)	(267,857)	-	-	-	-
Total	**535,714**		**(267,857)**	**(267,857)**	**-**	**-**	**-**	**-**
Cameron Hunter								
22 Dec 2016[1]	121,746	$3.59	(60,873)	(60,873)	-	-	-	-
2 July 2015[2]	100,000	$2.67	-	-	-	100,000	-	-
Total	**221,746**		**(60,873)**	**(60,873)**	**-**	**100,000**	**-**	**-**
Darren Meade								
22 Dec 2016[1]	115,220	$3.59	(57,610)	(57,610)	-	-	-	-
2 July 2015[2]	100,000	$2.67	-	-	-	100,000	-	-
Total	**215,220**		**(57,610)**	**(57,610)**	**-**	**100,000**	**-**	**-**
Graeme Taylor								
22 Dec 2016[1]	108,718	$3.59	(54,359)	(54,359)	-	-	-	-
2 July 2015[2]	100,000	$2.67	-	-	-	100,000	-	-
Total	**208,718**		**(54,359)**	**(54,359)**	**-**	**100,000**	**-**	**-**
Niv Fernando								
22 Dec 2016[1]	102,603	$3.59	(51,302)	(51,301)	-	-	-	-
2 July 2015[2]	100,000	$2.67	-	-	-	100,000	-	-
Total	**202,603**		**(51,302)**	**(51,301)**	**-**	**100,000**	**-**	**-**
Grand total	**1,384,001**		**(492,001)**	**(492,000)**	**-**	**400,000**	**-**	**-**

1. Based on the measurement period for the three years ended 30 June 2019, these options that are dependent on the EPSa hurdle did not vest on 31 August 2019, and these options that are dependent on the relative TSR hurdle have not satisfied the market condition.
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.

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

Performance rights issued under the Group's 2019 (FY20) STI and LTI Plans during the year are subject to the service and performance criteria as described on pages 19 to 23.

The following table sets out details of performance rights granted to executives during the financial year:

Executive KMP	Grant Date	Rights Granted	Balance 30/6/2020[1]	Fair Value Per Right[2]	Vesting Date	$ Value of Rights at Grant Date[1]
STI[3]						
Cameron Hunter	1 Sept 2019	9,270	9,270	$3.11	30 Jun 2022	28,829
Darren Meade	1 Sept 2019	9,315	9,315	$3.11	30 Jun 2022	28,970
Graeme Taylor	1 Sept 2019	8,927	8,927	$3.11	30 Jun 2022	27,763
Niv Fernando	1 Sept 2019	8,835	8,835	$3.11	30 Jun 2022	27,478
LTI						
Andrew Hansen*	1 Sept 2019	119,969	119,969	$2.83	30 Jun 2022	339,511
Cameron Hunter	1 Sept 2019	21,188	21,188	$2.83	30 Jun 2022	59,962
Darren Meade	1 Sept 2019	21,291	21,291	$2.83	30 Jun 2022	60,255
Graeme Taylor	1 Sept 2019	20,405	20,405	$2.83	30 Jun 2022	57,745
Niv Fernando[4]	1 Sept 2019	20,195	20,195	$2.83	30 Jun 2022	57,151

* The Board has resolved to issue 119,969 rights to Andrew Hansen, the Chief Executive Officer, as part of the 2019 LTI plan issued in FY20. The issue of these rights was approved by shareholders at the Company's Annual General Meeting on 21 November 2019. Any differences in the fair value of the performance rights between the original grant date by the Board and the date of shareholder approval is not material to remuneration awarded.

1. No performance rights were vested or forfeited during the year. Rights do not expire as shares are issued to KMP upon vesting.
2. The fair value of the rights at grant date has been determined by an independent external valuation expert in accordance with Australian Accounting Standards. The fair value of the STI rights was based fully on Black Scholes option pricing model (BSOPM) while the fair value of the LTI rights was based on Monte Carlo simulation option pricing model for the TSR component and BSOPM for the EPSa component. Note 17 to the Group's financial statements outlines the valuation methodology and key inputs and assumptions to the valuation in greater detail.
3. STI performance rights represent the 25% of the total short-term incentives awarded to the KMP on achievement of specific annual financial and non-financial KPIs. This applies to all KMP except for the CEO.
4. Niv Fernando resigned on 31 July 2020.

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 Issue at 30/06/2020
2 Jul 2017	31 Aug 2020[1]	LTI	$3.82	75%[2]	-	217,435
2 Jul 2018	31 Aug 2021[1]	LTI	$3.01	-	-	276,970
1 Sept 2019	30 Jun 2022	STI	$3.11	-	-	36,347
1 Sept 2019	30 Jun 2022	LTI	$2.83	-	-	203,048

1. The vesting date for performance rights granted on 2 July 2017 and 2 July 2018 is the date on which the Board notifies the executive that the options and rights have vested, after the outcomes for the measurement period have been determined and satisfaction of the performance conditions have been assessed. This is likely to be the dates as stated in the table.
2. Performance rights in relation to the EPSa CAGR measure exceeded the required performance measurement hurdles and will vest on an accelerated basis paying 150% of the entitlement on 31 August 2020. Performance rights associated with the TSR hurdle did not satisfy market conditions.

5. FY21 Enhanced STI Plan

Objective

To incentivise and align the rewards attainable by Executive KMP with the achievement of specific annual objectives of the Group and the creation of shareholder value.

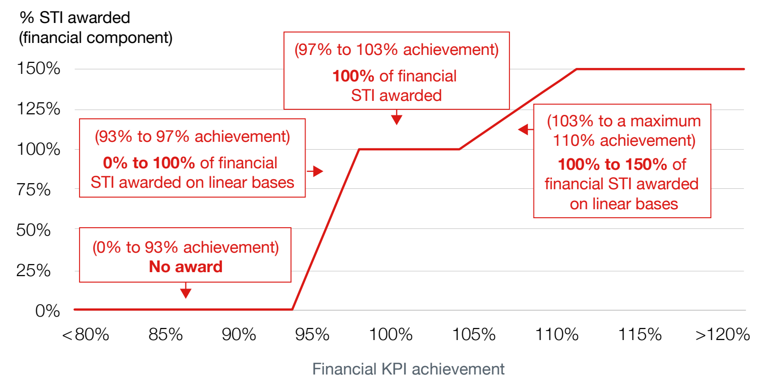
How is it paid?

On achievement of specific annual financial and non-financial KPIs, 40% of TFR for the CEO and 25% of TFR for other Executive KMP will be paid through annual cash entitlements. In addition, 50% of TFR for the CEO and 25% of TFR for other Executive KMP will be awarded as equity, subject to a two-year deferral period during which recipients must remain employed by the Company.

How much can executives earn?

Target benefit is set at 90% of TFR for the CEO and 50% of TFR for other Executive KMP. These are subject to the following minimum and target performance thresholds:

Financial KPIs (70% total STI)



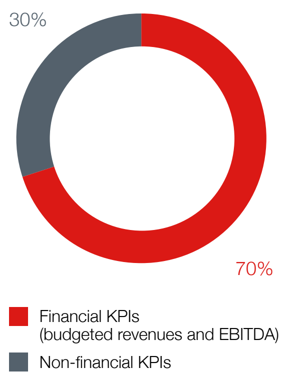
Non-financial KPIs (30% total STI)	Non-financial KPIs outcome is assessed and awarded up to a maximum of 100% based on outcomes.

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 18.

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 18.



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

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

What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g. death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board), then the cash entitlements and the equity incentives will be awarded on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the end of the measurement period, the cash component may be paid on a pro-rata basis. All equity entitlements are lost, unless otherwise determined by the Board. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.
Changes from the FY20 STI and LTI Plans	The LTI Program has been suspended and an enhanced STI Program to reward the Executive Team based on specific annual financial and non-financial KPIs has been put in place. For all KMP other than the CEO, there has been a reduction of 5% of TFR. The resulting 50% will be paid 50% in cash and 50% in equity, subject to a two-year deferral. For the CEO, 40% of the entitlement will be paid in cash with 50% in equity, subject to a two-year deferral. KPIs are structured in a way that the Company will be in the best position to manage the impact of the current environment, whilst being mindful of the longer term to ensure the business is optimally placed for the recovery ahead.

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	$920,774	Range between $390,000 and $415,000
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. In other forms of without cause terminations, the STI will be reduced proportionately to reflect the portion of the measurement period, but there is no other impact to the executive's entitlement. The Board has discretion to allow unvested LTIs to vest on a pro-rate basis aligned to time. Where this discretion is not exercised, such unvested options or rights will lapse.	
Termination of employment (with cause)	STI is forfeited. All unvested LTIs and vested but unexercised LTIs are forfeited.	

7. Remuneration details: Non-Executive KMP

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

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

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

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

	2020 $	2019 $
Board fees		
Chairman	127,541	114,830
Other Non-Executive Directors	72,000	70,025
Committee fees		
Audit and Risk Committee – chair	9,000	5,083
Audit and Risk Committee – member	5,000	-
Remuneration Committee – chair	9,000	5,083
Remuneration Committee – member	5,000	-

		Fixed Remuneration			
Non-Executive Director	Year	Salary and Fees $	Super	Non-monetary Benefits	Total
David Trude	2020	116,476	11,065		127,541
	2019	104,868	9,962	-	114,830
Bruce Adams	2020	69,293	6,582		75,875
	2019	63,950	6,075	-	70,025
Jennifer Douglas	2020	73,098	6,944		80,042
	2019	68,592	6,516	-	75,108
Sarah Morgan[1]	2020	35,333	3,356		38,689
	2019	68,592	6,516	-	75,108
Don Rankin[2]	2020	44,236	4,914		49,150
David Osborne	2020	69,293	6,582		75,875
	2019	63,950	6,075	-	70,025
David Howell	2020	76,918	7,307		84,225
	2019	91,347	8,678	-	100,025
Total	**2020**	**484,647**	**46,750**		**531,397**
	2019	**461,299**	**43,822**	**-**	**505,121**

1. Sarah Morgan resigned on 19 December 2019.
2. Don Rankin was appointed as a Non-Executive Director on 21 November 2019.

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 2019	Received during the year on exercise of options	Other changes during the year	Balance 30 June 2020
Non-Executive Directors				
David Trude	102,113	-	1,843	103,956
Bruce Adams[1]	152,304	-	34,739,113	34,891,417
Jennifer Douglas	16,000	-	-	16,000
Don Rankin[2]	-	-	25,000	25,000
Sarah Morgan[3]	21,351	-	(21,351)	-
David Osborne[1]	386,335	-	34,739,113	35,125,448
David Howell	26,218	-	7,448	33,666
Executive KMP				
Andrew Hansen[1]	34,963,449	-	4,050	34,967,499
Cameron Hunter	1,105,882	-	-	1,105,882
Darren Meade	79,783	-	-	79,783
Graeme Taylor	132,841	-	2,399	135,240
Niv Fernando[4]	76,079	-	-	76,079
Joint interest[1]	-	-	(69,478,226)	(69,478,226)
Total	37,062,355	-	19,389	37,081,744

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. Don Rankin was appointed as a Non-Executive Director on 21 November 2019.
3. Sarah Morgan resigned on 19 December 2019 and as such is no longer a KMP as at 30 June 2020.
4. Niv Fernando resigned on 31 July 2020.

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

There were no shares issued on exercise of options and performance rights and therefore, there were no amounts unpaid on shares issued on exercise of options or performance rights during the year.

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 an entity 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 2020 financial year related to these arrangements were $1,534,415.

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

Signed in accordance with a resolution of the Directors.

David Trude
Director

Andrew Hansen
Director

Melbourne
28 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

RSM Australia Partners

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

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

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hansen Technologies Limited and its controlled entities for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 28 August 2020
Melbourne, Victoria

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Operating revenue	3	301,369	231,324
Other income	3	2,320	1,634
Total revenue and other income		**303,689**	**232,958**
Employee benefit expenses	5	(168,193)	(128,027)
Depreciation expense	5	(11,307)	(3,806)
Amortisation expense	5	(31,028)	(18,950)
Property and operating rental expenses	5	(4,324)	(10,394)
Contractor and consultant expenses		(9,405)	(5,339)
Software licence expenses		(2,962)	(2,108)
Hardware and software expenses		(15,559)	(11,352)
Travel expenses		(6,823)	(5,773)
Communication expenses		(3,325)	(3,805)
Professional expenses		(2,827)	(1,891)
Finance costs on borrowings	5	(8,087)	(2,058)
Finance costs on lease liabilities	5	(1,193)	(9)
Foreign exchange gains/(losses)	5	744	(527)
Other expenses		(9,559)	(11,142)
Total expenses		**(273,848)**	**(205,181)**
Profit before income tax expense		29,841	27,777
Income tax expense	6(a)	(4,084)	(6,312)
Net profit after income tax expense		**25,757**	**21,465**
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit and loss			
Net (loss)/gain on hedges of net investments	22(a)	(802)	43
Exchange differences on translation of foreign entities, net of tax	22(a)	(13,141)	6,558
Other comprehensive (expense)/income for the year, net of tax		**(13,943)**	**6,601**
Total comprehensive income for the year		**11,814**	**28,066**
Basic earnings (cents) per share attributable to ordinary equity holders of the Company	7	13.0	10.9
Diluted earnings (cents) per share attributable to ordinary equity holders of the Company	7	12.9	10.8

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 41 to 93.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $'000	2019[1] $'000
Current assets			
Cash and cash equivalents	8	44,492	38,288
Receivables	9	47,916	49,475
Accrued revenue	3(a)(iii)	21,945	25,796
Other current assets	10	8,357	7,267
Total current assets		122,710	120,826
Non-current assets			
Plant, equipment and leasehold improvements	11	11,414	10,986
Intangible assets	12	377,660	408,693
Right-of-use assets	13(a)	20,087	-
Deferred tax assets	6(b)	9,971	4,601
Other non-current assets	10	3,681	3,123
Total non-current assets		422,813	427,403
Total assets		**545,523**	**548,229**
Current liabilities			
Payables	14	24,223	24,606
Borrowings	19	591	134
Lease liabilities	13(b)	5,661	92
Current tax payable		5,632	1,756
Provisions	15, 16	15,555	15,313
Unearned revenue	3(a)(iii)	24,471	27,305
Total current liabilities		76,133	69,206
Non-current liabilities			
Deferred tax liabilities	6(b)	43,443	44,290
Borrowings	19	157,852	185,674
Lease liabilities	13(b)	15,384	-
Provisions	16	170	189
Unearned revenue	3(a)(iii)	47	-
Total non-current liabilities		216,896	230,153
Total liabilities		**293,029**	**299,359**
Net assets		**252,494**	**248,870**
Equity			
Share capital	20	140,952	138,746
Foreign currency translation reserve	22(a)	9,397	23,340
Share-based payments reserve	22(b)	5,404	3,931
Retained earnings	22(c)	96,741	82,853
Total equity		**252,494**	**248,870**

1. Certain balances have been restated in accordance with the accounting for business combination following the finalisation of the acquisition accounting associated with Sigma Systems (refer to Note 25). There has also been a reclassification between other current assets and borrowings associated with prepaid borrowing costs. Refer to Notes 10 and 19, respectively.

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 41 to 93.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

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

	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2018		136,896	19,841	73,186	229,923
Effect of adoption of new accounting standards	3(a)(i)	-	-	1,984	1,984
Balance as at 1 July 2018 (restated)		136,896	19,841	75,170	231,907
Profit after income tax expense for the year	22(c)	-	-	21,465	21,465
Net gain on hedges of net investments	22(a)	-	43	-	43
Exchange differences on translation of foreign entities, net of tax	22(a)	-	6,558	-	6,558
Total comprehensive income for the year		-	6,601	21,465	28,066
Transactions with owners in their capacity as owners:					
Shares issued under Employee Share Plan	20(b)	170	-	-	170
Employee share options exercised	20(b)	535	-	-	535
Share-based payment expense – performance rights	17(e)	-	965	-	965
Share-based payment expense – share options	17(e)	-	(137)	-	(137)
Equity issued under Dividend Reinvestment Plan	20(b)	1,145	-	-	1,145
Dividends declared	22(c)	-	-	(13,782)	(13,782)
Total transactions with owners in their capacity as owners		1,850	829	(13,782)	(11,103)
Balance as at 30 June 2019	20, 22	138,746	27,271	82,853	248,870

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 41 to 93.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		327,443	248,646
Payments to suppliers and employees		(243,713)	(197,030)
Interest received	3	54	84
Finance costs on borrowings	5	(6,760)	(1,049)
Finance costs on lease liabilities	5, 13(b)	(1,193)	(9)
Transaction costs relating to the acquisition of a subsidiary	25(i)	-	(2,063)
Payments for deferred remuneration	25(iii)	-	(2,235)
Income tax paid		(6,202)	(6,694)
Net cash provided by operating activities	8(a)	**69,629**	**39,650**
Cash flows from investing activities			
Proceeds from sale of plant, equipment and leasehold improvements		616	4
Payment for acquisition of business net of cash assumed	25	-	(159,391)
Payments for plant, equipment and leasehold improvements	11	(5,041)	(2,980)
Payments for capitalised software development costs	12	(14,021)	(10,892)
Net cash used in investing activities		**(18,446)**	**(173,259)**
Cash flows from financing activities			
Proceeds from options exercised	20(b)	452	535
Proceeds from borrowings	19(b)	4,900	188,398
Repayment of borrowings	19(b)	(32,733)	(27,455)
Repayment of lease liabilities	13(d)	(6,982)	(110)
Dividends paid, net of dividend reinvestment	21	(10,115)	(12,637)
Net cash (used in)/provided by financing activities		**(44,478)**	**148,731**
Net increase in cash and cash equivalents		**6,705**	**15,122**
Cash and cash equivalents at beginning of year		38,288	23,245
Effects of exchange rate changes on cash and cash equivalents		(501)	(79)
Cash and cash equivalents at end of the year	8	**44,492**	**38,288**

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 41 to 93.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

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 28 August 2020.

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

Compliance with IFRS

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Significant accounting estimate and judgement	Note	Page Reference
Provision for expected credit losses of trade receivables	9	58
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
Business combinations	25	86

1. Basis of preparation continued

(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.

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.

During the financial year ended 30 June 2020, Management has determined that certain costs, borrowings and their related finance costs are directly attributable to the Billing segment. In addition, retrospective adjustments affecting certain asset and liability accounts were also recognised in the accounting for the business combination (Note 25). Prior year segment information has been restated to reflect these.

(b) Segment information

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

2. Segment information continued

(b) Segment information continued

2019	Billing $'000	Other $'000	Total $'000
Segment revenue			
Total segment revenue	218,383	12,941	231,324
Revenue from external customers	**218,383**	**12,941**	**231,324**
Segment profit			
Total segment profit	33,071	1,607	34,678
Segment profit from core operations	**33,071**	**1,607**	**34,678**
Items included within the segment profit:			
Depreciation expense	2,538	200	2,738
Amortisation expense	18,434	11	18,445
Total segment assets	**489,187**	**18,785**	**507,972**
Additions to non-current assets	13,871	-	13,871
Total segment liabilities	**294,144**	**4,846**	**298,990**

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

	2020 $'000	2019 $'000
Segment revenue	301,369	231,324
Total operating revenue	**301,369**	**231,324**

Geographical segments

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

The Group's business segments operate geographically as follows:

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

Product segments

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

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

(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:

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

2019	Billing $'000	Other $'000	Total $'000
Products			
Licence, support and maintenance	138,202	6,884	145,086
Services	78,042	5,799	83,841
Hardware and software sales	1,038	-	1,038
Other revenue	1,101	258	1,359
Total revenue from contracts with customers	218,383	12,941	231,324
Revenue by market vertical			
Energy	144,816	5,898	150,714
Communications	73,567	-	73,567
Other	-	7,043	7,043
Total revenue from contracts with customers	218,383	12,941	231,324
Revenue by geographic segment			
APAC	42,723	7,043	49,766
Americas	50,213	5,898	56,111
EMEA	125,447	-	125,447
Total revenue from contracts with customers	218,383	12,941	231,324
Timing of revenue recognition			
Goods and services transferred at a point in time	2,530	258	2,788
Services transferred over time	215,853	12,683	228,536
Total revenue from contracts with customers	218,383	12,941	231,324

2. Segment information continued

(b) Segment information continued

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

	Note	2020 $'000	2019 $'000
Segment profit from core operations		33,857	34,678
Interest income	3	54	84
Unallocated depreciation and amortisation		(720)	(668)
Separately disclosed items impacting profit	4	440	(2,794)
Other expense		(3,790)	(3,523)
Profit before income tax		**29,841**	**27,777**

In the current financial year, $440,000 of income relating to the profit from the sale of a premises in Norway have not been allocated to the Billing segment as it is not directly attributable to the segment. In the prior financial year, the entire separately disclosed items were not directly attributable.

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

	2020 $'000	2019 $'000
Segment assets	496,444	507,972
Unallocated assets		
– Cash	44,343	37,260
– Other	4,736	2,997
Total unallocated assets	49,079	40,257
Total assets	**545,523**	**548,229**

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:

	2020 $'000	2019 $'000
APAC	55,640	40,752
Americas	226,847	234,224
EMEA	139,939	152,082
Unallocated assets	387	345
Total non-current assets	**422,813**	**427,403**

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

	2020 $'000	2019 $'000
Segment liabilities	291,947	298,990
Unallocated liabilities		
– Other	1,082	369
Total unallocated liabilities	1,082	369
Total liabilities	**293,029**	**299,359**

3. Revenue and other income

	Note	2020 $'000	2019 $'000
Operating revenue			
Revenue from contracts with customers	2(b)	301,369	231,324
Total operating revenue		**301,369**	**231,324**
Other income			
From operating activities			
Interest income	2(b)(iii)	54	84
Profit from sale of plant, equipment and leasehold improvements	2(b)(iii), 8(a)	440	-
Other income		1,826	1,550
Total other income		2,320	1,634
Total revenue and other income		**303,689**	**232,958**

(a) AASB 15 Revenue from Contracts with Customers

(i) Adoption of AASB 15

In the previous financial year, the Group adopted AASB 15 using the modified retrospective method of adoption, where the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings on 1 July 2018. The total impact to retained earnings at transition date was $1,984,000.

(ii) 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 2020 is $122,710,000 (2019: $121,449,000). This amount mostly comprises obligations in our long-term contracts to provide software or 'software-as-a-service' (SaaS) support and maintenance, open long-term professional services contracts as well as licences contracted but not yet earned as the licence has not yet been deployed. Most of this amount is expected to be recognised as revenue beyond the next 12 months following the respective balance sheet 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 five years after balance sheet date).

(iii) Contract balances

	Note	2020 $'000	2019 $'000
Trade receivables	9	48,336	47,510
Accrued revenue[1]		21,945	25,796
Unearned revenue – (current and non-current)[1]		24,518	27,305

1. The comparative amount of accrued revenue has been reduced by $2,021,000 while unearned revenue has been increased by $236,000 in accordance with the accounting for business combination. Refer to Note 25 for further details.

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

Revenue recognised in the current reporting period that was included in unearned revenue at the beginning of the reporting period was $25,681,000 (2019: $22,251,000), representing support and maintenance performed during the period.

(b) Government grants

Included in 'Other income' during the financial year is $461,000 (2019: $nil) related to government subsidies received in Canada, and $514,000 (2019: $309,000) government grants to compensate for eligible employee expenditure related to research activities performed in Norway and in the United Kingdom. There were no unfulfilled conditions or contingencies attached to these grants.

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

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

(i) Licence, support and maintenance revenue

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

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

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

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

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

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

(ii) Services revenue

The Group provides various configuration, implementation, customisation and other professional services that the customer is contracted to receive. This may be a part of the overall billing solution, or discrete projects separately agreed with the customer. The various individual activities that form the professional services provided to the customer are highly interrelated with each other and therefore is treated as a single performance obligation. Revenue from these professional services are recognised over time by reference to the stage of completion of the contracts. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated 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-sells certain third-party hardware and software products. Revenue is recognised when control over the software has transferred to the customer. Determination of when control has passed depends on whether the customer has legal title over the products, whether the customer has obtained possession of the products or whether the Group has present right to payment.

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

(iv) Other revenue

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

(v) Financing components

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

(vi) Presentation and disclosure

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

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

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

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

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

Other income

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

Sales tax (including GST and VAT)

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

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

Government grants

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

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	2020 $'000	2019 $'000
Increase to profit before tax			
Non-recurring income			
Profit from sale of an office premises	2(b)(iii)	440	-
Other income		679	-
Decrease to profit before tax			
Restructuring and one-off costs incurred		(6,153)	(72)
Transaction costs related to the acquisition of Sigma Systems	25(i)	-	(2,063)
Onerous lease provision		-	(659)
Total separately disclosed items		(5,034)	(2,794)

Non-recurring income

The Group has separately identified income that is considered not in the normal course of business activities. Included In this is the income from the sale of an office premises in Norway for $440,000. These amounts are included within the 'Other income' account in the Group's consolidated statement of comprehensive income.

Restructuring and one-off costs incurred

The Group recognised restructuring and one-off costs for the current financial year relating to redundancy and retention payments of staff amounting to $6,153,000 (2019: $72,000). These costs are part of the Group's strategy to better integrate the business and align staffing according to customer demand. These costs are included within 'Employee benefit expenses' and 'Other expenses' in the Group's consolidated statement of comprehensive income.

Transaction costs related to the acquisition of Sigma Systems

In the previous financial year, transaction costs of $2,063,000 were incurred in relation to the acquisition of the Sigma Systems group of entities (Sigma). These include costs associated with vendor due diligence, legal and other administrative matters, as well as related travel costs incurred to meet representatives of Sigma's management. These costs were included with 'Travel expenses' and 'Other expenses' in the Group's consolidated statement of comprehensive income.

Further details of the acquisition of Sigma are described in Note 25.

Onerous lease provision

In the previous financial year, a provision for future lease payments for one of the Group's offices in the Americas was recognised, as the non-cancellable future payments in the lease contract were expected to exceed the benefits from keeping the office over the remainder of the lease term. The Group has separately identified these costs because it is not in the normal course of business activities. These costs were included within the 'Property and operating rental expenses' in the comparative Group's consolidated statement of comprehensive income.

(a) Reconciliation with Group statutory measures

	Note	2020 $'000	2019 $'000
Underlying EBITDA excluding AASB 16 impact		77,998	55,837
Less separately disclosed items		(5,034)	(2,794)
Add impact of adoption of AASB 16	13(e)(ii)	7,694	-
EBITDA[1]		80,658	53,043
Underlying profit after tax		29,479	24,011
Less separately disclosed items		(5,034)	(2,794)
Tax effect of separately disclosed items		1,312	248
Net profit after tax		25,757	21,465

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

5. Profit from continuing operations

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

	Note	2020 $'000	2019 $'000
Employee benefit expenses			
Wages and salaries		157,695	118,052
Superannuation costs		9,025	9,006
Share-based payments and Employee Share Plan expensed	8(a)	1,473	969
Total employee benefit expenses		168,193	128,027
Depreciation expense			
Plant, equipment and leasehold improvements	8(a), 11	4,354	3,806
Right-of-use assets	8(a),13(a)	6,953	-
Total depreciation of non-current assets		11,307	3,806
Amortisation of non-current assets			
Technology and other intangibles	8(a), 12	22,394	12,054
Software development costs	8(a), 12	8,634	6,896
Total amortisation of non-current assets		31,028	18,950
Property and operating rental expenses			
Minimum lease payments recognised as an operating lease expense		-	7,214
Other property-related expenses		4,324	3,180
Total property and operating rental expenses		4,324	10,394
Finance costs			
Finance costs on borrowings			
Prepaid borrowing costs	8(a),19(b)	1,327	1,009
Net finance costs on borrowings		6,760	1,049
Finance costs on lease liabilities	13(b)	1,193	9
Total finance costs		9,280	2,067
Net foreign exchange (gains)/losses			
Realised foreign exchange (gains)/losses		(599)	-
Unrealised foreign exchange (gains)/losses	8(a)	(145)	527
Total net foreign exchange (gains)/losses		(744)	527

6. Income tax

(a) Components of income tax expense

	2020 $'000	2019 $'000
Current tax expense	11,087	6,238
Deferred tax (income)/expense	(6,217)	841
Over provision in prior years	(786)	(767)
Total income tax expense	**4,084**	**6,312**
The prima facie tax payable on profit before income tax reconciled to the income tax expense is as follows:		
Prima facie income tax payable on profit before income tax at 30%	8,953	8,333
Add/(less) tax effect of:		
Impact of tax rates on foreign subsidiaries	(2,059)	(1,506)
Research and development allowances	(105)	(86)
Non-deductible share-based payments	300	151
Over provision in prior years	(786)	(767)
Utilisation of prior year tax losses not brought to account	(1,054)	(474)
Amortisation of acquired intangibles	(315)	(2,076)
Other non-allowable items	(850)	2,737
Income tax expense attributable to profit	**4,084**	**6,312**

(b) Deferred tax

	2020 $'000	2019 $'000
Deferred tax asset	9,971	4,601
Deferred tax liability	(43,443)	(44,290)
Net deferred tax	**(33,472)**	**(39,689)**

(i) Deferred tax asset

The deferred tax asset balance comprises of the following items:

	2020 $'000	2019 $'000
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	(367)	1,208
Other payables	1,983	-
Employee benefits	2,309	2,378
Temporary difference relating to lease accounting (adoption of AASB 16)	5,190	-
Accruals	856	1,015
	9,971	**4,601**

(ii) Deferred tax liability

The deferred tax liability balance comprises of the following items:

	2020 $'000	2019 $'000
Research and development expenditure	(6,529)	(5,540)
Difference in depreciation and amortisation of plant, equipment and intangibles for accounting and income tax purposes	(30,012)	(35,503)
Other payables	(60)	(947)
Temporary difference relating to lease accounting (adoption of AASB 16)	(4,957)	-
Revenue not yet assessable	(1,885)	(2,300)
	(43,443)	**(44,290)**

(iii) Reconciliation of net deferred tax balances

	Note	2020 $'000	2019 $'000
Opening balance – net deferred tax liability		(39,689)	(12,098)
Deferred tax income/(expense) recognised in profit or loss		6,217	(841)
Increase due to acquisition	25	-	(26,750)
Closing balance – net deferred tax liability		**(33,472)**	**(39,689)**

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

	2020 $'000	2019 $'000
Gross capital losses	847	847
Gross operating losses	771	1,430
	1,618	**2,277**

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 income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax consolidation

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

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

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

7. Earnings Per Share

	2020 $'000	2019 $'000
Reconciliation of earnings used in calculating Earnings Per Share:		
Basic earnings – ordinary shares	25,757	21,465
Diluted earnings – ordinary shares	25,757	21,465

	2020 No. of Shares	2019 No. of Shares
Weighted average number of ordinary shares used in calculating Earnings Per Share:		
Number for basic Earnings Per Share – ordinary shares	197,960,854	197,017,215
Number for diluted Earnings Per Share – ordinary shares	199,177,904	198,632,621

	2020 Cents Per Share	2019 Cents Per Share
Basic earnings (cents) per share	13.0	10.9
Diluted earnings (cents) per share	12.9	10.8

Classification of securities as potential ordinary shares

The securities that have been classified as potential ordinary shares and included in diluted Earnings Per Share are only options and rights outstanding under the Employee Performance Rights Plan and the Employee Share Option 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

	2020 $'000	2019 $'000
Cash at bank and on hand	44,492	36,677
Interest bearing deposits	-	1,611
Total cash and cash equivalents	**44,492**	**38,288**

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

	Note	2020 $'000	2019 $'000
Net profit after tax		25,757	21,465
Add/(less) items classified as investing/financing activities:			
Net (profit)/loss on sale of non-current assets		(440)	17
Add/(less) non-cash items:			
Depreciation and amortisation	5	42,335	22,756
Share-based payments	5, 17(e)	1,473	829
Unrealised foreign exchange	5	(145)	527
Recovery of previously charged expected credit loss	9	(44)	(62)
Expected credit loss charged	9	735	114
Amortisation of prepaid borrowing costs	5	1,327	1,009
Employee Share Plan expense		-	140
Net cash provided by operating activities before change in assets and liabilities		**70,998**	**46,795**
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:			
(Increase)/decrease in receivables		(2,364)	3,631
Decrease/(increase) in sundry debtors and other assets		5,212	(8,445)
Increase in trade payables		14,102	4,592
Decrease in other creditors and accruals		(15,086)	(12,233)
Increase in bank overdraft		457	134
Increase in operating and employee benefits provision		1,322	1,403
(Decrease)/increase in deferred taxes		(6,217)	841
Increase/(decrease) in current tax payable		4,100	(1,223)
(Decrease)/increase in unearned revenue		(2,895)	4,155
Net cash provided by operating activities		**69,629**	**39,650**

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

	2020 $'000	2019 $'000
Current		
Trade receivables	48,336	47,510
Less: provision for expected credit losses	(604)	(221)
	47,732	**47,289**
Sundry receivables	184	2,186
Total trade and other receivables	**47,916**	**49,475**

As at 30 June 2020, trade receivables of $14,668,000 (2019: $15,273,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of the trade receivables is as follows:

Trade receivables ageing analysis at 30 June:	Gross 2020 $'000	Provided 2020 $'000	Gross 2019 $'000	Provided 2019 $'000
Not past due	33,064	-	32,016	-
Past due 1– 30 days	4,852	-	4,425	-
Past due 31– 60 days	4,468	-	4,086	(23)
Past due more than 61 days	5,952	(604)	6,983	(198)
	48,336	**(604)**	**47,510**	**(221)**

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	2020 $'000	2019 $'000
Movements in provision for expected credit loss:			
Opening balance at 1 July		221	82
Acquisition of Sigma Systems		-	169
Expected credit loss charged	8(a)	735	114
Recovery of previously charged expected credit loss	8(a)	(44)	(62)
Amounts written off		(308)	(82)
Closing balance at 30 June		604	221

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 'Professional expenses' account. When a trade receivable for which a provision for expected credit loss had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

9. Receivables continued

Critical accounting estimate and judgement

Provision for expected credit losses of trade receivables

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

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

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

During the 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

	Note	2020 $'000	2019 $'000
Prepayments – current[1]		6,441	7,160
Other assets – current	25(iii)	1,916	107
Total other current assets		**8,357**	**7,267**
Prepayments – non-current		2,292	888
Other assets – non-current	25(iii)	1,389	2,235
Total other non-current assets		**3,681**	**3,123**

1. Comparative amount for 'Prepayments – current' account been restated to reflect a reclassification of $653,000 to 'Term facility – prepaid borrowing costs' account. Refer to Note 19.

11. Plant, equipment and leasehold improvements

	Note	2020 $'000	2019 $'000
Cost			
At 1 July		42,571	38,309
Additions		5,041	2,980
Increase due to acquisition of a subsidiary		-	970
Disposals		(737)	(168)
Net foreign currency movements arising from operations		(225)	480
At 30 June		46,650	42,571
Accumulated depreciation			
At 1 July		(31,585)	(27,755)
Depreciation charge	5	(4,354)	(3,806)
Disposals		561	146
Net foreign currency movements arising from operations		142	(170)
At 30 June		(35,236)	(31,585)
Net carrying amount at 30 June		11,414	10,986

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

	Note	Goodwill $'000	Technology and Other Intangibles at Cost $'000	Software Development at Cost $'000	Total $'000
Cost					
At 1 July 2018		152,565	99,415	53,382	305,362
Additions		66,662	93,188	10,892	170,742
Net foreign currency movements arising from foreign operations		4,320	3,661	1,309	9,290
At 30 June 2019, as previously stated		**223,547**	**196,264**	**65,583**	**485,394**
Adjustment to goodwill	25(d)	5,911	-	-	5,911
At 30 June 2019, as restated		**229,458**	**196,264**	**65,583**	**491,305**
Accumulated amortisation and impairment					
At 1 July 2018		(1,573)	(28,196)	(32,153)	(61,922)
Amortisation charge	5	-	(12,054)	(6,896)	(18,950)
Net foreign currency movements arising from foreign operations		(22)	(1,216)	(502)	(1,740)
At 30 June 2019		**(1,595)**	**(41,466)**	**(39,551)**	**(82,612)**
Carrying amount at 30 June 2019, as previously stated		**221,952**	**154,798**	**26,032**	**402,782**
Carrying amount at 30 June 2019, as restated		**227,863**	**154,798**	**26,032**	**408,693**

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. Refer to Note 25 for a description of how goodwill arising from a business combination is initially measured.

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 five to 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 five 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 investment in research and development expenditure incurred in relation to the various billing software platforms in the 2020 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.

(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.

12. Intangible assets continued

(a) Impairment test for goodwill continued

Key assumptions used for value-in-use calculations

The key assumptions for the Billing CGU supporting the disclosed recoverable value is 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% (2019: 1.8%);
- a post-tax discount rate of 6.7% (2019: 7.2%); and
- terminal growth rate of 1.0% (2019: 1.8%) at the end of the forecast period.

Both the EBITDA growth rate beyond FY20 and the terminal growth rate ranges are derived from management's best estimate of revenue and operating expenditure growth, taking into account changes in the industry, customer market prospects, future product developments and technological innovation. Profit before income tax expense is then adjusted for amounts related to tax. Owing to the current global environment, management has chosen to be conservative and has reduced the annual and terminal growth rates to compensate for a fall in the overall risk-free rate.

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

Results of impairment testing and sensitivity to changes in assumptions

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

The following table sets out key parameters that need to change for there to be no headroom available when comparing the calculation of the estimated recoverable amount of the CGU against the carrying value of the CGU at 30 June 2020:

Change required for carrying amount to equal recoverable amount	2020
Discount rate	3.09%
Budgeted EBITDA growth rate	(18.78%)

Critical accounting estimate and judgement

Impairment of goodwill

The Group tests whether goodwill has been impaired on an annual basis. Management's 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 or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists, the recoverable amount of the asset is determined.

13. Leases

(a) Right-of-use assets

	2020 $'000	2019 $'000
Cost	26,509	-
Accumulated depreciation	(6,422)	-
Net carrying amount at 30 June	**20,087**	**-**

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

The Group has identified the following classes of right-of-use (ROU) assets: properties, vehicles, office and IT equipment. The largest class of asset recognised is the Group's property leases, consisting of office buildings, as well as rental apartments for its employees undertaking short-term assignments overseas. Leases of properties generally have lease terms between six months and five years, while leases of office equipment, vehicles and IT equipment generally have terms between one and three 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 2019		-	-	-	-	-
Adoption of new accounting standards	13(e)(i)	25,933	114	82	149	26,278
Additions	13(b)	3,268	-	142	-	3,410
Remeasurement	13(b)	(2,148)	-	-	-	(2,148)
Disposals		(585)	-	(30)	(142)	(757)
Exchange differences from foreign operations		(271)	-	1	(4)	(274)
Balance as at 30 June 2020		**26,197**	**114**	**195**	**3**	**26,509**
Accumulated depreciation						
Balance as at 1 July 2019		-	-	-	-	-
Depreciation charge for the period	5, 13(c)	(6,741)	(38)	(77)	(97)	(6,953)
Disposals		51	-	30	95	176
Exchange differences from foreign operations		352	-	2	1	355
Balance as at 30 June 2020		**(6,338)**	**(38)**	**(45)**	**(1)**	**(6,422)**
Net book value as at 30 June 2020		**19,859**	**76**	**150**	**2**	**20,087**

Remeasurement of the gross value of ROU assets results mainly from the reassessment of the estimation of the lease term of various properties within the Group.

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

13. Leases continued

(b) Lease liabilities

	2020 $'000	2019 $'000
Current	5,661	92
Non-current	15,384	-
	21,045	**92**

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

	Note	2020 $'000	2019 $'000
Balance as at 1 July		92	202
Adoption of new accounting standards	13(e)(i)	26,628	-
Additions	13(a)	3,410	-
Remeasurement	13(a)	(2,148)	-
Accretion of finance costs	5	1,193	9
Payments		(8,175)	(119)
Exchange differences from foreign operations		45	-
Balance as at 30 June		**21,045**	**92**

(c) Impact to profit or loss

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

	Note	2020 $'000	2019 $'000
Depreciation expense of ROU assets	5, 13(a)	6,953	-
Finance costs on lease liabilities	5	1,193	9
Variable lease payments		3	-
Income from sub-leasing of ROU assets		(1)	-
Total amount recognised in profit or loss		**8,148**	**9**

(d) Impact to cash flows

Following the adoption of AASB 16, the Group had total cash outflows for leases of $8,175,000 for the year ended 30 June 2020 (30 June 2019: $119,000 under AASB 117 *Leases*). Out of the $8,175,000 cash outflows, $6,982,000 relates to cash outflows from investing activities (principal payments), while the remaining balance relates to cash outflows from operating activities (finance costs on lease liabilities). As a result of adopting AASB 16, the Group also had non-cash additions to ROU assets of $29,688,000 and lease liabilities of $30,038,000 during the financial year. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 23.

(e) AASB 16 Leases

AASB 16 supersedes all previous lease accounting requirements under Australian Accounting Standards. The main impact on the Group is that AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases.

(i) Impact on adoption

The Group adopted AASB 16 using the modified retrospective method of adoption, where the cumulative effect of initially applying the standard is recognised as an adjustment to opening balances on 1 July 2019 (the transition date). Therefore, comparative figures for prior reporting periods are not restated.

In adopting AASB 16, the Group has also taken advantage of the following practical expedients:

- For each class of ROU lease asset, the Group uses a single discount rate to a portfolio of leases that have the same lease term, same currency and located in the same jurisdiction.
- The Group will rely on its assessments under the previous accounting standards to determine whether a ROU asset is impaired. Accordingly, the Group has adjusted the ROU asset at transition date by the amount of any provisions for onerous leases previously recognised.
- The Group has excluded initial direct costs from the measurement of the ROU asset on transition date.
- The Group has used hindsight and assumed all previous options to extend the lease have been exercised in determining the lease term on transition date.

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

The weighted average incremental borrowing rate applied to lease liabilities recognised at transition date was 4.7%.

The effect of adopting AASB 16 is as follows:

	Note	1 July 2019 Transition Adjustment $'000
Assets		
Non-current assets		
Right-of-use assets	13(a)	26,278
Total assets impact		**26,278**
Liabilities		
Current liabilities		
Lease liabilities	13(b)	5,731
Provisions		(350)
Non-current liabilities		
Lease liabilities	13(b)	20,897
Total liabilities impact		**26,278**
Net assets impact		-
Total equity impact		-

13. Leases continued

(e) AASB 16 Leases continued

(ii) Impact in FY20

Had AASB 16 not been applied and the financial statements were still produced under previous guidance and accounting standards, the Financial Report for the year ended 30 June 2020 would have recorded a higher net profit after tax of $437,000 and a higher net assets and equity of $465,000.

	Note	$'000
Consolidated statement of comprehensive income		
Property and operating rental expenses	4a	(7,694)
Depreciation expense	5, 13(a)	6,953
Finance costs on lease liabilities[1]	5, 13(b)	1,178
Impact on statement of comprehensive income for the year ended 30 June 2020		437
Consolidated statement of financial position		
Right-of-use assets	13(a)	(20,087)
Deferred tax asset		(233)
Provisions		(260)
Lease liabilities – current	13(b)	5,661
Lease liabilities – non-current	13(b)	15,384
Impact on net assets in the statement of financial position as at 30 June 2020		465
Consolidated statement of changes in equity		
Reserves		28
Retained earnings		437
Impact on equity in the statement of financial position as at 30 June 2020		465

1. Finance costs on lease liabilities on the above table excludes a balance of $15,000 relating to an IT equipment lease previously classified as a finance lease under the old leasing standards i.e. AASB 117 *Leases*. Adoption of AASB 16 did not impact the amount of finance costs to be recognised for this ROU asset.

(iii) Reconciliation with prior period operating lease commitments disclosure

	$'000
Total future minimum rentals payable at the end of the prior period 30 June 2019	29,888
Transition assessment adjustments	1,640
Effect of discounting to present value	(4,900)
Total lease liabilities at the date of initial application	26,628

Adjustments were identified during the Group's transition assessment exercise to account for the revised definition of a lease under AASB 16 including, amongst other considerations, whether there is a reasonable probability that the Group will exercise renewal or early termination options in its lease contracts.

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. Estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. The right-of-use asset is also periodically assessed for impairment losses and adjusted for certain remeasurements of the lease liability.

(i) Presentation and disclosure

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

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

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

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

	2020 $'000	2019 $'000
Trade payables	4,794	10,349
Other payables[1]	19,429	14,257
Total payables	**24,223**	**24,606**

1. Comparative amount of 'Other payables' account has been restated and has increased by $3,411,000 in accordance with the accounting for business combination. Refer to Note 25(b) and Note 25(e).

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.

15. Other operating provisions

	2020 $'000	2019 $'000
Current		
Lease and rental provisions	-	1,051
Onerous contract provisions	417	-
Restructuring provisions	484	-
Other	280	160
	1,181	**1,211**
Reconciliation of other operating provisions		
Carrying amount at beginning of year	1,211	471
Net (payments)/provisions made during the year	(30)	740
Carrying amount at end of year	**1,181**	**1,211**

The movement in operating provisions during the year was largely driven by an onerous contract and restructuring provisions offset by the reversal of the onerous lease provisions. The restructuring provisions have been included as part of the transactions classified as separately disclosed items in understanding the Group's results. Refer to Note 4 for further information.

Significant accounting policies

Provisions

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

Section D: People

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

16. Employee benefits

	2020 $'000	2019 $'000
Current employee benefits[1,3]	14,374	14,102
Non-current employee benefits[2]	170	189
Total employee benefits liability	14,544	14,291

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.
3. Comparative amount of 'Current employee benefits' liability has been restated and has increased by $243,000 in accordance with the accounting for business combination. Refer to Note 25.

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:

	2020 $'000	2019 $'000
Current leave obligations expected to be settled after 12 months	2,212	2,074

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

	2020 $	2019 $
Short-term employment benefits	3,823,007	3,875,298
Post-employment benefits	171,750	168,821
Share-based payments	896,658	452,717
	4,891,415	4,496,836

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 34.

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 12 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 remeasurements 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 balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 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 employees' 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 12 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:

	2020 No. of Shares	2019 No. of Shares
Number of shares at beginning of year	115,792	114,758
Number of shares distributed to employees	-	45,560
Number of shares transferred to main share registry and/or disposed of	(56,932)	(44,526)
Number of shares at year end	58,860	115,792

The value of shares issued under the ESP that was recognised during the year, and any amounts of consideration provided by eligible participants at balance sheet date were:

	2020 $'000	2019 $'000
Issued ordinary share capital	-	170

The market value of the Company's ordinary shares closed at $2.91 on 30 June 2020 ($3.93 on 30 June 2019).

There were no shares issued under the ESP for the current financial year.

(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. 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 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. During the year, a new deferred equity component for short-term incentives was introduced where 25% of the award is in the form of performance rights. These rights are subject to a two-year deferral period where recipients must retain employment with the Company. 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 2020

Grant date	Vesting date	Type	Fair value per right $	Rights granted	No. of rights at 30/06/2020
2 Jul 2017	31 Aug 2020[1,2]	LTI	3.815	355,316	345,494
2 Jul 2018	31 Aug 2021[1]	LTI	3.01	530,652	480,079
1 Sep 2019	30 Jun 2022	STI	3.11	95,451	87,218
1 Sep 2019	30 Jun 2022	LTI	2.83	540,007	489,306
Total				1,521,426	1,402,097

1. The vesting date for rights granted on 2 July 2017 and 2 July 2018 is the date on which the Board notifies the executive that the rights have vested, after the outcomes for the measurement period have been determined and satisfaction of performance conditions have been assessed. This is likely to be 31 August 2020 and 31 August 2021, respectively.
2. Performance rights in relation to EPSa CAGR measure exceeded the required performance measurement hurdles and will vest 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.

17. Share-based payments continued

(b) Employee Performance Rights Plan continued

Performance rights issued and outstanding as at 30 June 2019

Grant Date	Vesting Date	Type	Fair Value Per Right $	Rights Granted	No. of Rights at 30/06/2019
2 Jul 2017	31 Aug 2020[1]	LTI	3.815	355,316	355,316
2 Jul 2018	31 Aug 2021[1]	LTI	3.01	530,652	530,652
Total				885,968	885,968

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. This is likely to be 31 August 2020 and 31 August 2021, respectively.

There were no performance rights vested or lapsed during the financial year.

The weighted average contractual life of outstanding performance rights at the end of the financial year is 1.26 years (2019: 1.77 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 Option Plan, awards are made to eligible executives and other management personnel who have an impact on the Group's performance. Option Plan awards are delivered in the form of options over shares which vest over a period of three years subject to meeting performance measures and continuous employment with the Company. Each option is to subscribe for one ordinary share when the option is exercised and, when issued, the shares will rank equally with other shares.

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

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

There were no new options issued under the Option Plan during the 30 June 2020 and 30 June 2019 financial years, as the Option Plan was replaced with the Rights Plan as described in Note 17(b).

Movement of options during the year ended 30 June 2020:

Grant Date	Vesting Date	Expiry Date	Exercise Price $	No. of Options at Beg. of Year	Options Exercised, Lapsed or Other	No. of Options at End of Year
2 Jul 2014	2 Jul 2017	2 Jul 2019	1.30	265,000	(265,000)[1]	-
2 Jul 2015	2 Jul 2018	2 Apr 2021[2]	2.67	925,000	(40,000)[3]	885,000
22 Dec 2016	31 Aug 2019	22 Dec 2021	3.59	1,323,730	(1,323,730)[4]	-
Total				2,513,730	(1,628,730)	885,000
Weighted average exercise price					$1.48	$2.05

1. 265,000 options were exercised on 1 July 2019.
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.
3. 40,000 options were exercised on 1 June 2020.
4. Options issued on 22 December 2016 did not meet the required performance measurement hurdles for the options to vest and/or be exercisable.

Movement of options during the year ended 30 June 2019:

Grant Date	Vesting Date	Expiry Date	Exercise Price $	No. of Options at Beg. of Year	Options Exercised or Lapsed	No. of Options at End of Year
2 Jul 2013	2 Jul 2016	30 Sept 2018	0.92	75,000	(75,000)	-
2 Jul 2014	2 Jul 2017	2 Jul 2019	1.30	470,000	(205,000)	265,000
2 Jul 2015	2 Jul 2018	2 July 2020	2.67	1,000,000	(75,000)	925,000
22 Dec 2016	31 Aug 2019	22 Dec 2021	3.59	1,323,730	-	1,323,730
Total				2,868,730	(355,000)	2,513,730
Weighted average exercise price					$1.51	$3.01

The weighted average fair value of options granted during the year was nil (2019: nil) as there were none issued during the year.

The weighted average share price for share options exercised during the financial year was $3.86 (2019: $3.57).

The weighted average remaining contractual life for share options outstanding at the end of the financial year was 0.58 years (2019: 1.68 years).

(d) Fair value of performance rights granted

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

The fair value of Earnings Per Share (EPS) 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 2020 and for the prior year 30 June 2019, are presented below:

	2020	2019
Grant date	2 September 2019	2 July 2018
Expected vesting date	30 June 2022	31 August 2021
Measurement period	1 July 2019 to 30 June 2022	2 July 2018 to 30 June 2021
Fair value of performance rights granted – EPS rights	$3.11	$2.99
Fair value of performance rights granted – TSR rights	$2.55	$3.03
Share price at grant date	$3.28	$3.15
Expected price volatility of the Company's shares	35%	35%
Expected dividend yield	1.88%	1.75%
Risk-free interest rate	0.69%	2.06%

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	2020 $	2019 $
Options issued under employee option plan FY17		-	(136,785)
Rights issued under Employee Performance Rights Plan FY18		431,479	451,844
Rights issued under Employee Performance Rights Plan FY19		476,301	513,524
Rights issued under Employee Performance Rights Plan FY20		564,820	-
	8(a), 22(b)	1,472,600	828,583

17. Share-based payments continued

Significant accounting policies

Share-based payments

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

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

- Market-based
- Non-market-based

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

Market-based measurement

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

Non-market-based measurement

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

Critical accounting estimate and judgement

Share-based payments

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

Section E: Capital and Financial Risk Management

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

18. Financial risk management

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

(a) Credit risk

Nature of risk

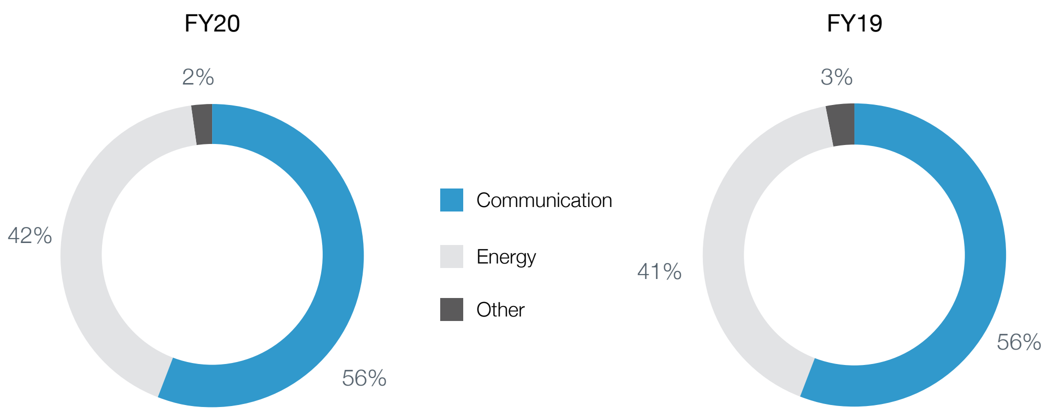
The risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from customers and our investments in debt securities.

Exposure to the risk

The Group's maximum exposure to credit risk at balance date is the carrying amount of financial assets, net of any provisions for impairment and excluding the value of any collateral or other security.

The gross trade receivables balance as at 30 June 2020 was $48,336,000 (2019: $47,510,000). 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, multi-currency borrowing facilities have been arranged with the Group's financiers to provide increased capacity for strategic growth objectives.

Contractual maturities of financial liabilities:

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

		Contractual Cash Flows $'000					
Financial Liabilities	Note	Less than 6 Months	6-12 Months	1-2 Years	2-3 Years	> 3 Years	Total Carrying Amount
2020							
Trade and other payables	14	24,223	-	-	-	-	24,223
Bank overdraft	19	591	-	-	-	-	591
Lease liabilities		3,266	2,745	5,200	4,646	6,959	22,816
Secured borrowings	19	-	-	160,394	-	-	160,394
		28,080	**2,745**	**165,594**	**4,646**	**6,959**	**208,024**
2019							
Trade and other payables[1]	14	24,606	-	-	-	-	24,606
Bank overdraft	19	-	134	-	-	-	134
Lease liabilities		112	-	-	-	-	112
Secured borrowings[1]	19	-	-	-	189,543	-	189,543
		24,718	**134**	**-**	**189,543**	**-**	**214,395**

1. Comparative amounts have changed due to the reclassifications as described in Notes 10 and 19 and retrospective adjustments for business combination as described in Note 25.

(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 2020 is 3.46% (2019: 4.52%). If the interest rate were to increase or decrease by 1%, with all other variables held constant, the impact to pre-tax profit is $2,064,000 (2019: $354,000) and the impact to post-tax equity[1] is $1,482,000 (2019: $251,000). This impact is based on a higher level of borrowings during most of this financial year compared to the prior year and the recognition of lease liabilities upon adoption of AASB 16. 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.

(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 85% of its revenue is now earned in foreign currency designated transactions. The Group has a number of offices located internationally and more than 88% of its work force is located overseas and paid in foreign currencies. Changes in foreign currency exchange rates would be limited to the revaluation of foreign currency-denominated borrowings, intercompany financing arrangements denominated in foreign currencies, and foreign currency bank balances in the Group at market rates at balance sheet 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 $38.4 million (2019: $34.3 million) denominated in foreign currencies. If the foreign currency exchange rate for our primary foreign currencies (being USD, GBP, CAD and EUR) were to move by 10%, with all other variables held constant, the impact to our foreign currency translation reserves (classified as equity in the consolidated statement of financial position) on translation of our foreign currency-denominated cash and cash equivalents is as follows:

	Increase/(Decrease) $'000							
	USD		GBP		CAD		EUR	
	2020	2019	2020	2019	2020	2019	2020	2019
+10%	1,679	1,141	531	339	-	78	700	694
-10%	(1,679)	(1,141)	(531)	(339)	-	(78)	(700)	(694)

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 further discussion).

18. Financial risk management continued

(d) Foreign currency risk continued

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 inbuilt natural hedge against major currency fluctuations and, except for significant sudden change, is protected in part by its corporate structure against currency movements so that the impact is largely limited to the margin. In addition, the Group holds foreign currency borrowings as part of the syndicated facility agreement as disclosed in Note 19, which have been designated as hedging instruments of the net assets of some of the Group's principal overseas subsidiaries in order to offset our risk exposure arising from the translation of these subsidiaries into Australian dollars. There is no impact to the profit or loss on the translation of the Group's overseas subsidiaries or foreign currency borrowings to the Australian dollar. The Group's subsidiaries also enter into various financing and transactional arrangements with each other in accordance with local regulatory requirements. The Group regularly reviews these arrangements to minimise its exposure on the translation of outstanding foreign currency-denominated intercompany balances to the Australian dollar, which impact profit.

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 restatement 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 2020 and 30 June 2019, there are no assets or liabilities carried at fair value on a recurring basis.

19. Borrowings

	2020 $'000	2019 $'000
Current		
Secured		
Bank overdraft	591	134
	591	**134**
Non-current		
Secured		
Term facility – gross borrowings	160,394	189,543
Term facility – net prepaid borrowing costs[1]	(2,542)	(3,869)
	157,852	**185,674**

1. Comparative amount for 'Term facility – net prepaid borrowing costs' account have been restated to reflect a reclassification of $653,000 from 'Prepayments – current' account. Refer to Note 10.

(a) Loan facilities

	2020 $'000	2019 $'000
Loan facility	225,000	225,000
Repayments of non-withdrawable facility	(8,000)	-
Amount utilised	(160,394)	(189,543)
Unused loan facility	56,606	35,457

On 1 May 2019, the Group entered into a secured $225,000,000 syndicated multi-currency facility with its external financiers to fund the acquisition of Sigma Systems (refer Note 25) and to provide additional funding for general corporate and working capital purposes. This facility expires on 30 April 2022 and will be subject to renewal upon negotiation with its external financiers. The facility is secured by 75% of Group assets. As at 30 June 2020, the remaining unutilised portion of the facility is $56,606,000.

On 27 July 2020, the Group voluntarily cancelled $40,000,000 of the facility effective from 30 July 2020. After this, the unutilised portion of the facility is $16,606,000.

(b) Changes in liabilities arising from financing activities

	Note	2020 $'000	2019 $'000
Opening balance at 1 July		185,808	27,031
Cash flows from financing activities			
Net (repayment of)/proceeds from borrowings		(27,833)	160,943
Cash flows from non-financing activities			
Prepaid borrowing costs		-	(4,878)
Draw-down of overdraft facility		457	134
Non-cash changes			
Amortisation of prepaid borrowing costs	5	1,327	1,009
Effect of foreign exchange		(1,316)	1,569
Closing balance at 30 June[1]		158,443	185,808

1. Represents long-term facility borrowings of $157,852,000 (2019: $185,674,000) and bank overdraft facility of $591,000 (2019: $134,000).

(c) Hedge of net investments in foreign operations

Included in the 'Borrowings' account as at 30 June 2020 are two borrowings of US$12,000,000 and GB£13,000,000 drawn down as part of the syndicated multi-currency facility in the prior year. Repayments have been made during the year and as at 30 June 2020, carrying amount of these borrowings are US$4,500,000 and GB£8,500,000.

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

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

19. Borrowings continued

(c) Hedge of net investments in foreign operations continued

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

		Syndicated Debt Facility '000		
	Note	USD Loan	GBP Loan	Total
Carrying amount of the loan – 30 June 2020 (AUD)		6,543	15,240	21,783
Carrying amount of the loan – 30 June 2020 (nominated currency)		4,500	8,500	
Hedge ratio[1]		1:1	1:1	
Change in the carrying amount of loan as a result of foreign currency movements since 1 July 2019, recognised in OCI ($)	22(a)	672	130	802
Change in the value of the hedged item used to determine hedge effectiveness ($)		(672)	(130)	(802)
Average hedged rate for the year (local currency:1 AUD)		0.671	0.532	
				21,783

1. The draw-down loans under the syndicated debt facilities are denominated in the same currency and critical terms as the value of the net investment in the foreign subsidiaries that are being hedged. Therefore, the hedge ratio this year is 1:1 (2019: 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 a decrease of $802,000 (2019: increase of $43,000). The hedging 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 2020 and 2019.

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.

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

	2020 $'000	2019 $'000
Ordinary shares, fully paid	140,952	138,746

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

(b) Movements in shares on issue

	2020 No. of Shares	2020 $'000	2019 No. of Shares	2019 $'000
Balance at beginning of the financial year	197,399,653	138,746	196,648,230	136,896
Shares issued under the Dividend Reinvestment Program	527,423	1,754	350,863	1,145
Shares issued under the Employee Share Plan	-	-	45,560	170
Options exercised under the Executive LTI Plan	305,000	452	355,000	535
Balance at end of the financial year	198,232,076	140,952	197,399,653	138,746

(c) Rights of each type of share

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

(d) Capital risk management

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

The capital risk management policy remains unchanged from the 30 June 2019 Financial Report.

21. Dividends

A final dividend of 7 cents per share has been declared. This final dividend of 7 cents per share, partially franked to 0.70 cents per share, comprising of a regular dividend of 5 cents per share, together with a special dividend of 2 cents per share, was announced to the market on 28 August 2020. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Limited as at 30 June 2020.

	2020 $'000	2019 $'000
Dividends paid during the year (net of dividend reinvestment)		
3 cents per share final dividend paid 26 September 2019 – partially franked[1]	4,904	-
4 cents per share final dividend paid 27 September 2018 – fully franked[2]	-	7,319
3 cents per share interim dividend paid 26 March 2020 – partially franked[3]	5,211	-
3 cents per share interim dividend paid 29 March 2019 – fully franked[4]	-	5,318
	10,115	12,637
Proposed dividend not recognised at the end of the year	13,876	5,922
Dividends franking account		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	27	1,586

1. The final dividend paid of 3 cents per share franked to 2.6 cents, comprised of a regular dividend of 3 cents per share.
2. The final dividend paid of 4 cents per share, franked to 4 cents, comprised of a regular dividend of 3 cents per share, together with a special dividend of 1 cent per share.
3. The interim dividend of 3 cents per share franked to 1.59 cents, comprised of a regular dividend of 3 cents per share.
4. The interim dividend of 3 cents per share, franked to 3 cents, comprised of a regular dividend of 3 cents per share.

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

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

22. Reserves and retained earnings

	Note	2020 $'000	2019 $'000
Foreign currency translation reserve	22(a)	9,397	23,340
Share-based payments reserve	22(b)	5,404	3,931
Retained earnings	22(c)	96,741	82,853

(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	2020 $'000	2019 $'000
Balance at 1 July		23,340	16,739
Net (loss)/gain on hedges of a net investment	19(c)	(802)	43
Exchange differences on translation of foreign operations		(13,141)	6,558
Balance at 30 June		9,397	23,340

(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	2020 $'000	2019 $'000
Balance at 1 July		3,931	3,102
Share-based payments expensed during the year	17(e)	1,473	829
Balance at 30 June		5,404	3,931

(c) Retained earnings

Movements in retained earnings	Note	2020 $'000	2019 $'000
Balance at 1 July		82,853	73,186
Effect of adoption of new accounting standards	3(a)(i)	-	1,984
Dividends declared during the year (before dividend reinvestment)	28(c)	(11,869)	(13,782)
Net profit after income tax expense		25,757	21,465
Balance at 30 June		96,741	82,853

23. Commitments and contingencies

Commitments on leases not yet commenced

The Group has one lease contract that has not yet commenced as at 30 June 2020. The future lease payments for this non-cancellable lease contract is $42,000 and is payable within one year.

Contingent assets and liabilities

There have been various indemnity and warranty claims made to the vendors of the acquired business, Sigma Systems (refer to Note 25). The outcome of these claims cannot be reliably measured as at the date of signing of the annual Financial Report and are contingent on further negotiations.

At 30 June 2020 and 2019, the Group does not have any other 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	
	2020 $'000	2019 $'000
Assets		
Current assets	188	1,028
Non-current assets	232,030	243,841
Total assets	232,218	244,869
Liabilities		
Current liabilities	876	2,350
Non-current liabilities	52,044	77,796
Total liabilities	52,920	80,146
Net assets	179,298	164,723
Equity		
Share capital	140,951	138,746
Accumulated profits	34,712	22,962
Share-based payments reserve	5,404	3,931
Foreign currency translation reserve	(1,769)	(916)
Total equity	179,298	164,723

(b) Summarised statement of comprehensive income

	Parent Entity	
	2020 $'000	2019 $'000
Profit after income tax expense	23,616	27,464
Total comprehensive income for the year	22,763	27,538

Dividends of $26,183,000 (2019: $29,000,000) were paid from Hansen Corporation Pty Limited to Hansen Technologies Limited during the financial year.

(c) Parent entity guarantees

Hansen Technologies Limited, being the parent entity, has entered into a syndicated debt facility (refer to Note 19) of which Hansen Corporation Pty Limited and other subsidiaries of the Company are joint guarantors to that facility agreement. In addition, there are cross guarantees given by Hansen Technologies Limited and Hansen Corporation Pty Limited as described in Note 28. No deficiencies of assets exist in any of these companies.

On 7 July 2020, a Deed of Parent Guarantee and Indemnity has been executed between the parent entity and Sigma Systems Canada LP, a wholly-owned subsidiary, in favour of a financing company based in Canada to secure a credit card facility.

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.

25. Business combinations

Acquisition of Sigma Systems

On 1 June 2019, the Company's subsidiary, Hansen Technologies Canada Inc., acquired 100% of the partnership units of Sigma Systems GP and the shares of Sigma Systems Canada Inc., both of which wholly own and control the partnership units of Sigma Systems LP and its controlled entities (collectively known as 'Sigma'). Sigma is a leading global provider of catalogue-driven software products for telecommunications, media and technology companies. Sigma is based in Toronto, Canada, but has customers operating across all regions of the world. The acquisition significantly expands the Group's scale and scope in the communications sector, builds on the Group's global presence and provides opportunities for cross-selling products into the Group's existing market verticals.

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition were previously reported at their provisional amounts in light of the timing of the transaction. At 30 June 2020, provisional fair value of assets and liabilities acquired have been finalised, including the corresponding goodwill and purchase price consideration, as detailed below:

	Note	Provisional Fair Value $'000	Adjustments $'000		Finalised Fair Value $'000
Assets acquired:					
Cash		4,439	-		4,439
Receivables		13,163	-		13,163
Accrued revenue	3(a)(iii)	19,137	(2,021)	(a)	17,116
Prepayments and other current assets		5,294	-		5,294
Plant and equipment		970	-		970
Current tax receivable		741	-		741
Customer contracts		65,898	-		65,898
Technology		17,727	-		17,727
Brand name		9,563	-		9,563
Total assets acquired		136,932	(2,021)		134,911
Liabilities acquired:					
Payables		2,377	-		2,377
Accruals and provisions	14, 16	3,121	2,575	(b)	5,696
Unearned revenue	3(a)(iii)	7,516	236	(c)	7,752
Deferred tax liability	6(b)(iii)	26,750	-		26,750
Total liabilities acquired		39,764	2,811		42,575
Net identifiable assets acquired		97,168	(4,832)		92,336
Goodwill arising on acquisition	12	66,662	5,911	(d)	72,573
Total purchase consideration	14	163,830	1,079	(e)	164,909

The Group has made retrospective adjustments to the accounting for the business combination in the comparative amounts for the financial year ended 30 June 2019 as follows:

(a) Accrued revenue

Information obtained during the measurement period provided that the provisional amount of accrued revenue included revenue accruals for a licence and professional services contract that did not meet certain revenue recognition criteria amounting to $2,021,000. An adjustment was recognised to reflect the fair value of accrued revenue acquired at acquisition date.

(b) Accruals and provisions

There were certain liabilities upon acquisition amounting to $2,575,000 that were previously not recorded. Adjustment to increase the 'Other payables' account by $2,332,000 and 'Provisions' account by $243,000 were recognised to reflect the fair value of accruals and provisions acquired at acquisition date.

(c) Unearned revenue

An accounting error for $236,000 was identified as part of the unearned revenue balance provisionally acquired. An adjustment was recognised to reflect the fair value of unearned revenue assumed at acquisition date.

(d) Goodwill

The adjustments to the fair value of assets and the purchase price consideration has affected the fair value of the goodwill at acquisition date. The overall increase in goodwill at acquisition date is $5,911,000.

(e) Total purchase consideration

In accordance with the agreement with the vendors of Sigma, the total purchase price consideration is to be adjusted for any pre-tax closing refund received by the Company and the position in net working capital in accordance with the hurdle agreed upon. The net amount payable to the vendors of Sigma after considering the pre-tax closing refund and working capital adjustment amounts to $1,079,000. This amount is included under 'Other payables' account. Refer to Note 14.

Goodwill arose on the acquisition of Sigma due to the combination of the consideration paid for the business and the net assets acquired, less values attributed to other intangibles in the form of customer contracts, trade names and technology. The value of goodwill represents the strong positioning of Sigma in the communications market, and includes the future benefit arising from the expected future earnings, synergies with the Group's products and operations and personnel assumed via the acquisition. None of the goodwill is expected to be deductible for tax purposes.

The fair value of trade receivables approximates the gross contractual amount of trade receivables, due to the short-term nature and maturity of the trade receivables.

(i) Transaction costs

There were no transaction costs (2019: $2,063,000) incurred during the period in relation to the acquisition. Transaction costs were identified as a separately disclosed item. Refer to Note 4 for further information.

(ii) Contribution since acquisition

During the year, Sigma has contributed total revenue of $68,343,000 (2019: $4,968,000) and an underlying EBITDA of $14,136,000 (2019: loss of $317,000), which is included within the Group's consolidated results.

(iii) Deferred remuneration

Separate to the business combination in accordance with the accounting standards, in the previous financial year an amount of $2,235,000 has been paid and held in escrow as deferred remuneration for certain executives of Sigma. In the current financial year, $164,000 of this amount has been released. Release of the amounts from escrow are contingent on continuous employment with the combined Group. At 30 June 2020, the balance of this amount is $2,060,000 of which $1,132,000 and $928,000 are included as part of 'Other assets – current' and 'Other assets – non-current', accounts in Note 10, respectively.

Analysis of cash flows on acquisition

	2020 $'000	2019 $'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	-	163,830
Less: Cash balance acquired	-	(4,439)
Net cash outflow – investing activities	-	159,391

25. Business combinations continued

Significant accounting policies

Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at the acquisition-date fair value.

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.

Acquisition-related costs are expensed as incurred.

Critical accounting estimate and judgement

Business combinations

The Group is required to determine the acquisition date and fair value of the identifiable net assets acquired, including intangible assets such as brands, customer relationships, software and liabilities assumed. The estimated useful lives of the acquired amortisable assets, the identification of intangibles and the determination of the indefinite or finite useful lives of intangible assets acquired are assessed based on management's judgement. The Group reassesses the fair value of net assets acquired a year after the acquisition date and judgement is required to ensure that any adjustments made reflect new information obtained about facts and circumstances that existed as of the acquisition date. The adjustments made to fair value of net assets are retrospective in nature and have an impact on goodwill recognised on acquisition.

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.

26. 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	Note	Country of Incorporation	Ordinary Share Entity Interest 2020 %	Ordinary Share Entity Interest 2019 %
Parent entity				
Hansen Technologies Limited		Australia		
Subsidiaries of Hansen Technologies Limited				
Hansen Corporation Pty Limited		Australia	100	100
Hansen Corporation Investments Pty Limited		Australia	100	100
Hansen Holdings (Asia) Pty Limited		Australia	100	100
Utilisoft Pty Limited		Australia	100	100
Hansen Technologies (Shanghai) Company Limited		China	100	100
Hansen Technologies Denmark A/S		Denmark	100	100
Hansen Technologies CIS Finland Oy (fka. Enoro CIS Finland Oy)		Finland	100	100
Hansen Technologies Finland Oy (fka. Enoro Oy)		Finland	100	100
PEP Finland Oy		Finland	100	100
Enercube Oy Finland Filial		Finland	100	100
Hansen Customer Support India Private Limited		India	100	100
Enoro B.V.		Netherlands	100	100
Hansen New Zealand Limited		New Zealand	100	100
Hansen Technologies Holdings AS (fka. Enoro Holding AS)		Norway	100	100
Hansen Technologies Norway AS (fka. Enoro AS)		Norway	100	100
Hantech Singapore Pte Limited	1	Singapore	-	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 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

26. Related party disclosures continued

(a) List of controlled entities continued

Name	Note	Country of Incorporation	Ordinary Share Entity Interest 2020 %	2019 %
Subsidiaries of Hansen Technologies Limited continued				
Sigma Systems 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
Sigma Systems Japan K.K.		Japan	100	100
Sigma Systems (U.K.) Limited		United Kingdom	100	100
Sigma Systems (Wales) Limited		United Kingdom	100	100
Sigma Systems Group (USA) Inc.		United States	100	100

1. Hantech Singapore Pte Limited was dissolved on 2 June 2020 and was deemed to be dissolved upon this date in accordance with Section 308(5) of the Companies Act of the Republic of Singapore.

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 balance sheet.

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 for the relevant financial year:

	2020 $	2019 $
A related party to the Directors[1] – rental payments	1,511,495	-
A related party to Andrew Hansen – rental payments	22,920	1,633,450
	1,534,415	1,633,450

1. Andrew Hansen, Bruce Adams and David Osborne have joint interest to the Melbourne and South Melbourne properties of which the Group pays monthly rental payments. This interest was held solely by Andrew Hansen in the previous financial year.

27. Auditor's remuneration

The auditor of the Group for the year ended 30 June 2020 is RSM Australia Partners.

	2020 $	2019 $
(a) Amounts paid and payable to RSM Australia Partners for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entity in the consolidated entity	298,200	279,000
(ii) Other non-audit services		
– taxation services	-	-
– compliance services	-	-
	-	-
Total remuneration of RSM Australia Partners	298,200	279,000
(b) Amounts paid and payable to related practices of RSM Australia Partners for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the overseas entities in the consolidated entity[1]	597,478	365,023
(ii) Other non-audit services		
– taxation services	110,275	52,349
– compliance services	31,420	14,709
	141,695	67,058
Total remuneration of network firms of the auditor	739,173	432,081
(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	-	-
(ii) Other non-audit services		
– taxation services	-	-
– compliance services	-	-
	-	-
Total remuneration of non-related auditors	-	-
Total auditors' remuneration	**1,037,373**	**711,081**

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

28. Deed of cross guarantee

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

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

(a) Consolidated statement of comprehensive income

Set out below is a consolidated statement of comprehensive income for the year ended 30 June 2020 of the closed group consisting of Hansen Technologies Limited and Hansen Corporation Pty Limited (the Closed Group).

	Note	2020 $'000	2019 $'000
Revenue		43,934	49,380
Other income		32,834	17,951
Total revenue and other income		**76,768**	**67,331**
Employee benefit expenses		(26,446)	(27,429)
Depreciation expense		(2,095)	(1,219)
Amortisation expense		(3,110)	(2,691)
Property and operating rental expenses		(1,645)	(2,698)
Contractor and consultant expenses		(27)	(142)
Software licence expenses		(1,740)	(1,216)
Hardware and software expenses		(4,347)	(3,916)
Travel expenses		(846)	(1,187)
Communication expenses		(487)	(618)
Professional expenses		(628)	(370)
Finance costs on borrowings		(4,022)	(1,677)
Finance costs on lease liabilities		(169)	-
Foreign currency gains/(losses)		(414)	(200)
Other expenses		(1,263)	(2,408)
Total expenses		**(47,239)**	**(45,771)**
Profit before income tax expense		**29,529**	**21,560**
Income tax expense		(1,750)	(3,631)
Profit after income tax expense	28(c)	**27,779**	**17,929**
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit and loss			
Net (loss)/gain on hedges of net investments		(802)	43
Exchange differences on translation of foreign entities, net of tax		(801)	20
Other comprehensive (expense)/income for the year		(1,603)	63
Total comprehensive income for the year		**26,176**	**17,992**

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2020 of the Closed Group:

	2020 $'000	2019 $'000
Current assets		
Cash and cash equivalents	2,829	5,371
Receivables	5,522	7,913
Accrued revenue	1,283	1,956
Current tax asset	530	-
Other current assets	2,528	1,154
Total current assets	12,692	16,394
Non-current assets		
Plant, equipment and leasehold improvements	2,993	2,858
Intangible assets	25,686	23,871
Right-of-use assets	3,826	-
Other non-current assets	214,393	221,303
Deferred tax assets	4,148	2,968
Total non-current assets	251,046	251,000
Total assets	**263,738**	**267,394**
Current liabilities		
Payables	3,839	6,401
Lease liabilities	784	-
Current tax payable	-	130
Provisions	5,776	6,067
Unearned income	5,637	4,469
Total current liabilities	16,036	17,067
Non-current liabilities		
Deferred tax liabilities	4,803	3,011
Borrowings	51,842	77,399
Lease liabilities	3,173	-
Provisions	170	189
Total non-current liabilities	59,988	80,599
Total liabilities	**76,024**	**97,666**
Net assets	**187,714**	**169,728**
Equity		
Share capital	140,951	138,746
Foreign currency translation reserve	(2,554)	(953)
Share-based payments reserve	1,927	455
Retained earnings	47,390	31,480
Total equity	**187,714**	**169,728**

28. Deed of cross guarantee continued

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

	Note	2020 $'000	2019 $'000
Retained earnings at the beginning of the year		31,480	27,333
Profit for the year	28(a)	27,779	17,929
Dividends declared	22(c)	(11,869)	(13,782)
Retained earnings at the end of the year		47,390	31,480

29. New and amended accounting standards and interpretations

(a) Adoption of new and amended accounting standards that are first operative at 30 June 2020

The Group has adopted the following new and amended accounting standards, applicable and effective for the financial year beginning 1 July 2019:

- AASB 16 *Leases*
- AASB Interpretation 23 *Uncertainty over Income Tax Treatments*
- AASB 9 *Prepayment Features with Negative Compensation* (Amendments to AASB 9)
- AASB 128 *Long-term Interests in Associates and Joint Ventures* (Amendments to AASB 128)
- Annual Improvements to AASB 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to AASB 119)

Except for AASB 16, these Standards and amendments do not have a significant impact on the Financial Report and therefore the disclosures have not been made. Note 13(e) discloses and describes the impact from the adoption of AASB 16.

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 2020

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) AASB 2018-6 Amendments to Australian Accounting Standards: Definition of a Business

These amendments revise the definition of a business in AASB 3 *Business Combinations*. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Group's assessment performed to date

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the first date of transition.

(ii) Amendments to the Conceptual Framework

The IASB 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 to the Conceptual Framework are not expected to have a significant impact on the Group's consolidated financial statements.

(iii) Amendments to AASB 101 and AASB 108: Definition of Material

These amendments align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states, that 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

Group's assessment performed to date

The amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

30. Subsequent events

The Group has voluntarily cancelled $40.0 million of the syndicated multi-currency facility effective from 30 July 2020 (Note 19).

The Directors resolved to pay a final dividend of 7 cents per share (franked to 0.70 cents), comprising of a regular dividend of 5 cents per share together with a special dividend of 2 cents per share to be paid on 25 September 2020 (Note 21).

Hansen Technologies Limited and Sigma Systems Canada LP executed a deed of parent guarantee and indemnity on 7 July 2020 in favour of a financing company based in Canada to secure a credit card facility (Note 24).

Apart from the above, there has been no other matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2020, of the Group; or

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 30 June 2020, of the Group.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 41 to 93, in accordance with the *Corporations Act 2001*:

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

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

(c) give a true and fair view of the financial position of the consolidated entity as at 30 June 2020 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 28 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 28.

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 2020.

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

David Trude
Director

Andrew Hansen
Director

Melbourne
28 August 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HANSEN TECHNOLOGIES LTD

RSM

RSM Australia Partners

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

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

www.rsm.com.au

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

Opinion

We have audited the financial report of Hansen Technologies Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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; • 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.

Key Audit Matters (continued)

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 2020. 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 2020 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.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Adoption of AASB 16 Leases Refer to Note 13 in the financial statements	
The Group adopted AASB 16 Leases ("AASB 16") on 1 July 2019, using the modified retrospective method, which has resulted in changes to accounting policies. The Group has elected not to restate comparative information as permitted by the transitional provisions of AASB 16. At 30 June 2020, the Group recognised in the Statement of Financial Position a Right of Use asset of $20.1 million and an associated lease liability of $21.1 million. We determined the adoption of this standard to be a key audit matter because of: • the complexity of the standard and the significance of the differences to the previous standard; • the degree of manual involvement required in identifying lease contracts and contract terms; • the extent of judgment required in determining the inputs into the calculations of the lease liability and right of use asset, including the applicable discount rate and the likelihood of exercise of options to extend or terminate early a lease; and • the length and complexity of disclosures required including those required on initial adoption.	Our audit procedures in relation to the application of AASB 16 included: • Obtaining an understanding of the processes undertaken and controls implemented in adopting the standard, including the transitional decisions made; • Obtaining the Group's leasing model used by the Group for lease management, and, on a sample basis: – Reviewing the contracts of the selected leases, and ensuring that lease and non-lease components have been identified appropriately; – Corroborating key inputs, including the inception date, commencement date, and initial contractual expense to underlying lease documentation ; – Evaluating the key assumptions made in the judgmental inputs of the valuation model, including the likelihood of exercise of options to extend and the discount rate used for calculation of the lease liability; – Verifying the mathematical accuracy of the underlying model by recalculating the resulting lease liability and right of use asset initially recognised, and the interest and depreciation charges recognised in the statement of profit and loss for the year; and – reviewing the adequacy of the relevant disclosures in the financial statements
Acquisition of Sigma Systems Refer to Note 25 in the financial statements	
The accounting for the acquisition of Sigma Systems, which was disclosed as provisional in the 30 June 2019 financial statements has been finalised during the year. This was considered a key audit matter as there is a risk that the final acquisition accounting adjustments may be materially misstated and related disclosures may be materially inaccurate in the financial report.	Our audit procedures in relation to the acquisition of Sigma included: • Discussing with management the measurement period adjustments which have taken place; • Reviewing calculations and supporting documentation associated with any measurement period adjustments; • Assessing whether there have been any indicators for impairment of goodwill as a result of Sigma's results being lower than budget. • Assessing the adequacy of the Group's disclosures in respect of business acquisitions.

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 2020, 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.

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: http://www.auasb.gov.au/auditors_responsibilities/ar1.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 2020.

In our opinion, the Remuneration Report of Hansen Technologies Ltd, for the year ended 30 June 2020, complies with section *300A* of the *Corporations Act 2001.*

Report on the Remuneration Report (continued)

Responsibilities

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

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 28 August 2020
Melbourne, Victoria

AUSTRALIAN SECURITIES EXCHANGE (ASX) SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 2 September 2020, disclosed pursuant to ASX official listing requirements.

Distribution of shares

The following table summarises the distribution of our listed shares as at 2 September 2020:

Size of Holding (Range)	Number of Holders	Number of Shares Held	% of Issued Capital
100,001 and Over	71	148,811,817	74.94
10,001 to 100,000	1,277	30,741,263	15.48
5,001 to 10,000	1,278	9,425,260	4.75
1,001 to 5,000	3,175	8,477,873	4.27
1 to 1,000	2,358	1,109,985	0.56
Total	8,159	198,566,198	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares is 374 holding 6,629 shares (as at the closing market price on 2 September 2020).

Twenty largest shareholders

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

Rank	Name of Shareholder	Number of Shares Held	% of Issued Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	52,046,066	26.21
2	OTHONNA PTY LTD	34,739,113	17.49
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,807,974	14.00
4	CITICORP NOMINEES PTY LIMITED	6,102,444	3.07
5	BNP PARIBAS NOMS PTY LTD	4,121,551	2.08
6	NATIONAL NOMINEES LIMITED	2,091,450	1.05
7	NEWECONOMY COM AU NOMINEES PTY LIMITED	1,459,404	0.73
8	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	1,263,839	0.64
9	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,147,254	0.58
10	MR CAMERON HUNTER	1,123,059	0.57
11	CITICORP NOMINEES PTY LIMITED	1,018,000	0.51
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	978,258	0.49
13	CS FOURTH NOMINEES PTY LIMITED	889,691	0.45
14	MR JAMES LUCAS & MS LESLEY DORMER	800,940	0.40
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	766,357	0.39
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	733,200	0.37
17	BNP PARIBAS NOMINEES PTY LTD	604,267	0.30
18	MRS LILIAN REICHENBERG	546,953	0.28
19	SCOTT WEIR	481,080	0.24
20	PACIFIC CUSTODIANS PTY LIMITED	426,074	0.21
Total		139,146,974	70.08
Total other investors		59,419,224	29.92
Grand total		198,566,198	100.00

AUSTRALIAN SECURITIES EXCHANGE (ASX) SHAREHOLDER INFORMATION 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 2 September 2020:

Holder	Number of Shares Held	% of Total Voting Rights
Mr David Osborne*	35,125,448	17.69%
Mr Andrew Hansen*	35,055,228	17.65%
Mr Bruce Adams*	34,891,417	17.57%
Long Path Partners	17,679,679	8.90%
Royce & Associates	9,200,643	4.63%

* 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. For further details, please refer to the substantial shareholding notices lodged with the ASX dated 16 August 2019.

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 and Employee Share Option plan:

Unquoted Equity Securities	Number of Employees Participating	Number of Securities
Options over ordinary shares exercisable at various prices	11	810,000
Performance rights	29	1,056,603

CORPORATE DIRECTORY

Directors

David Trude, Chairman

Andrew Hansen, Managing Director and CEO

Bruce Adams, Non-Executive

Jennifer Douglas, Non-Executive

Don Rankin, Non-Executive

David Osborne, Non-Executive

David Howell, Non-Executive

Company secretary

Julia Chand

Principal registered office

2 Frederick Street, Doncaster Victoria 3108

T (03) 9840 3000
F (03) 9840 3099

Share registry

Link Market Services Limited
Tower 4
727 Collins Street
Melbourne Victoria 3008

T 1300 554 474
F (02) 9287 0309 – Proxy forms
F (02) 9287 0303 – General

Stock exchange

The Company is listed on the Australian Stock Exchange
ASX code: HSN

Auditors

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne Victoria 3000

Solicitors

GrilloHiggins
Level 20, 31 Queen Street
Melbourne Victoria 3000

Other information

Hansen Technologies Ltd ABN 90 090 996 455,
incorporated and domiciled in Australia,
is a publicly listed company limited by shares.

HANSEN

POWER THE NEXT.™