

20 December 2022

Gentrack Annual Report 2022

The full 2022 Annual Report for Gentrack Group Limited (NZX/ASX: GTK) is attached to this notice and is also available to view and download from the Investor Centre at:

<https://gentrack.com/reports-and-presentations/>

For the purposes of ASX Listing Rule 1.15.3, Gentrack confirms that it continues to comply with the NZX Listing Rules.

ENDS

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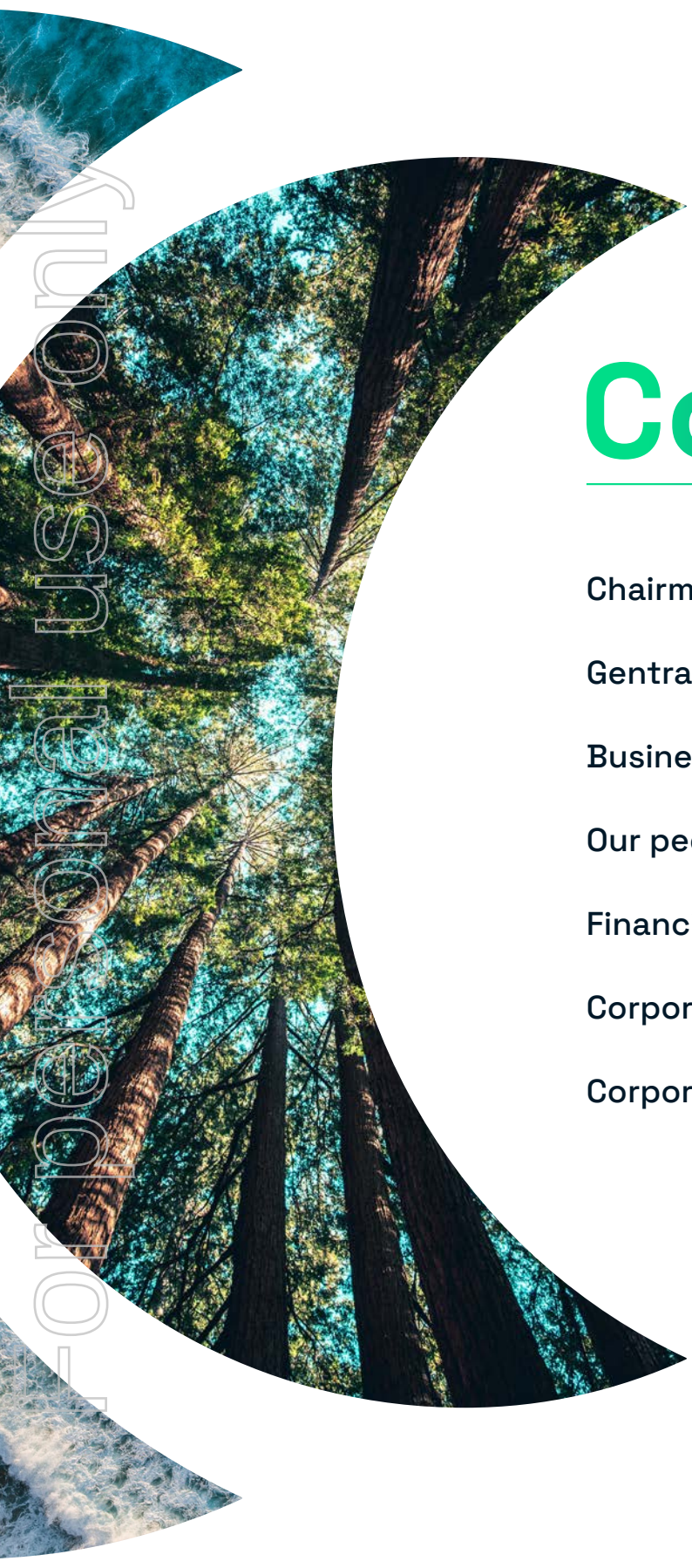
About Gentrack

For over 30 years Gentrack has been partnering with the world's leading utilities. More than 50 energy and water companies rely on Gentrack. Our g2.0 solution combines this wealth of experience with Salesforce's unbeatable CRM, Gentrack's leading meter-to-cash platform, and a composable architecture on AWS. g2.0 ensures high performance, security, scalability, and rapid prototyping for innovation at pace. When it comes to transformations, you can count on us. <https://www.gentrack.com>

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Gentrack
Group Limited

Annual Report 2022



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Chairman and CEO's commentary

The fiscal year 2022 has been a successful year for Gentrack with progress on a number of fronts. Across both Utilities and Airports (Veovo), we won several new customers and are successfully expanding into larger customers in line with our strategy. Finally, our peoples' pride and engagement is strong and continues to improve – helping us to deliver great results across our customer programs.

Financial performance

Strong revenue results were driven by a 21.6% increase in the Utilities business to \$108.2m. This impressive growth was achieved against the backdrop of UK insolvencies at the start of the year in the B2C energy market. Our underlying growth, excluding those insolvencies was 24.3%. Veovo's annual recurring revenue continued to grow up 9.2% over FY21, underpinning total Veovo revenue growth of 7.9% to \$18.1m.

EBITDA performance was \$8.1m, \$4.6m lower than FY21 after funding our planned increase in strategic R&D spend alongside growing our Sales & Marketing base and investment in our people capability.

Our cash position improved against the backdrop of business growth, which allowed us to both invest in our products and our people and generate cash in the year. Net cash at \$27.4m on 30 September 2022 was \$1.4m higher than the prior year.

In light of the NPAT loss, the Board has decided not to pay a dividend.



Revenue: \$126.3m

Up 19.5% on FY21



EBITDA: \$8.1m

down \$4.6m in line with guidance and tech investment



Statutory NPAT: (\$3.3m)

loss v \$3.2m profit in FY21



Cash: \$27.4m

up \$1.4m over FY21



g2.0 launched: our technology stack modernised as cloud native



No dividend payable

Business growth

FY22 has reinforced Gentrack's increasing win rate and innovation with existing customers. We secured 6 new logos in our Utilities business including Mercury, now New Zealand's largest energy supplier, who chose to integrate their newly acquired Trustpower business onto the Gentrack platform to grow their multi-segment business and achieve market leading operational metrics. We see growth opportunities in Australia, New Zealand and the UK across both the water and energy sectors.



Looking forward, we plan to expand beyond these core geographies and have launched our 50 in 15 program; the first big step towards our global leadership by striving to service 50 million meter points in 15 countries. During the year we secured a major new customer in Singapore which is an example of the progress we are making in growing our pipeline in the wider APAC region. Alongside Asia, we will focus on expanding out into EMEA from our UK base.

Our Veovo business has consistently grown its recurring revenue across the aviation downturn. In the period we won Avinor's (Norway) nationwide Prediction and Forecasting platform as well as expanded our scope with Tier one airports in US, Europe, Hong Kong and Australia. This reinforces our success in selling to, and servicing, the larger airports and airport groups which are our key growth target.

Our technology and delivery capabilities

In September 2022, we launched our new composable, cloud based, technology stack, g2.0. This is a key milestone for our Utilities business and brings together three technology leaders; Gentrack, Salesforce and AWS, to create a modern next generation platform. This will allow our existing customers the opportunity to benefit from greater flexibility and innovation and positions us well to win and service new Tier one and Tier two operators.

At Veovo, our investments during the pandemic in 'Airport 4.0' technology brings cloud based, AI powered forecasting and intelligent automation. These investments are showing positive signs in both new customer pipeline and upsells at existing customers.

Supplementing great software with capable service delivery is key to success. We have continued to demonstrate our capability as a transformation powerhouse which provides us with a strong competitive edge. For example, the consolidation of nPower's and E.ON's I&C business onto our platform during the year was one of the largest business transformations in the industry. We have successful transformation programs underway in all of our core markets helping our customers modernise their technology and work in a much more agile and automated manner. Similarly, at Veovo we have moved all of our passenger predictability customers to the cloud.

Market dynamics

Both water and energy are essential services which should be less impacted in the event of a global economic downturn. Meanwhile, sustainability targets for energy and water are still in effect and are driving an increasingly accelerating trend of IT and business transformations in the sector which will benefit Gentrack.

The UK government has taken corrective action to stabilise the UK B2C energy market. We have not seen any further customer insolvencies since December 2021, and we expect this market stabilisation will continue. Bulb, which was placed into special administration in December, remains a customer, although the government run process to sell this business looks closer to completion. We have supported the administrators of Bulb throughout the year including adding additional services from our Managed Services offering.

The aviation sector is now seeing passenger numbers and travel demand returning. We see signs that this recovery will result in new business as airports seek to invest in ways to improve efficiency and service and catch up with pent up IT demand for modernisation.

Inflation is of course an issue for all businesses. We retain a strong focus on cost control, underpinned by well-constructed contracts that allow us to reflect inflation impacts in our pricing.

We are pleased with the progress made in the year, on sales, on delivering customer transformations, on building our people capability and modernising our technology. The water, energy and airports industries are in need of transformation and Gentrack is well positioned to capture the global market opportunity.

We'd like to thank all our customers and shareholders for their continuing support of Gentrack this year. We'd also like to recognise the tremendous achievements of the whole Gentrack Team in driving the renewal of the business this year. We look forward to creating even more value for our shareholders as we support our customers in the transformation of their businesses.



A S G

Andy Green, CBE
Chairman



G M

Gary Miles
CEO

Gentrack Board of Directors



Andy Green, CBE
Chair

Andy has an extensive background in technology leadership including CEO of Logica, a £4bn turnover listed IT services

Company, and CEO of BT Global Services, the enterprise arm of British Telecom. In 2020 Andy was awarded Commander of the British Empire (CBE) for his contributions to the Information Technology and British Space Industries. His passion to transform the industry to support sustainable water and energy resources is further demonstrated by his roles as the Chair of WaterAid UK and as a UK National Infrastructure Commissioner. Spending time in both Australia and the UK, he contributes both a local presence and global perspective to Gentrack's customers and shareholders.

Andy is also the Chair of Lowell Group, a Permira backed credit management company, Senior Independent Director at Airtel Africa, and Non-Executive Director at Link Administration Holdings, an ASX listed provider of financial administration services.



Fiona Oliver
Non-Executive
Director

Fiona is an experienced Director and Board Audit

Committee Chair. Her

current, active board roles include being a Director of Freightways Limited (NZX), Kingfish Limited, Barramundi Limited and Marlin Global Limited and Director and Audit Committee Chair of the First Gas Group companies. Fiona is also a director of New Zealand Water Polo.

Fiona was formerly a Director and Board Audit Committee Chair of Tilt Renewables Limited (NZX/ASX) and BNZ Life Insurance Limited and BNZ Life Services Limited, Chair of Vinta Funds Management Limited, and a Director of Augusta Limited (NZX), Public Trust and the National Provident Fund.

Fiona has Executive level leadership experience in asset management, funds management and private equity, including holding the roles of Chief Operating Officer of BT Funds Management (NZ), Westpac's investment arm, and General Manager, Wealth Management for AMP NZ. Fiona also managed the Risk and Operations function of AMP's Sydney and (owned at the time) London based Private Capital division. Fiona has specialist knowledge of investments and the capital markets. Fiona received the New Zealand Shareholders Association Beacon Award in 2021.

Fiona holds degrees in Law and Arts from the University of Auckland and is a qualified Solicitor in New Zealand, New South Wales and England. Prior to her management career, Fiona practiced as a corporate and commercial lawyer at a senior level in Auckland, Sydney and London, specialising in mergers and acquisitions.



Nick Luckock
Non-Executive
Director

Nick has extensive investment experience focusing on the technology industry.

He has deep experience across a number of significant organisations in the business services, financial processing and technology sectors and was most recently a Partner at Hg, which previously had invested in Gentrack.

He has served as a Non-Executive Director at a variety of companies including Achilles (UK), JLA (UK), Radius Worldwide (US), Paycorp Group (Pty) Ltd (South Africa), XP Investimentos (Brazil) and AGS Transact Technologies Ltd (India). Nick completed an MBA with Distinction at INSEAD and a Bachelor of Commerce and Arts from the University of Melbourne.



Stewart Sherriff
Non-Executive
Director

Stewart Sherriff was appointed CEO of New Zealand mobile challenger 2degrees in

August 2013, having served as the company's Chairman for the previous 4 years, and interim CEO since April 1st, a position he held until he retired in June 2019. He remains on the Board of 2degrees as a Non-Executive Director.

Born in Scotland, Stewart began his 44-year career in telecommunications with British Telecom. He left the UK in 1984 to progress an international career, working in 20 countries for various Telcos. Stewart has learned mobile from the ground up, starting as a technician, progressing to a system specialist, field services manager, BSS specialist and senior engineer before entering senior management as Head of Operations for Hong Kong Operator Smartone.

In 1997 he became CTO at mobile pioneer Western Wireless International, with responsibility for IT, Engineering, Marketing, Customer Care and Technical operations. Six years later, Stewart was seconded as CEO of Meteor, Ireland's third entrant mobile operator. Under his leadership, Meteor became a successful third player challenging Vodafone and O2.

In 2006 he re-joined Western Wireless founders John Stanton and Brad Horwitz at Trilogy International Partners. As CTO he oversaw Trilogy's operations in Bolivia, Haiti, Dominican Republic and New Zealand.

Prior to chairing 2degrees, Stewart Chaired Vega Slovenia was Vice Chairman of Teling Austria and served on the boards of Vipnet Croatia, Voila Haiti, Neuvatel Bolivia and jNetX USA.



Darc Rasmussen
**Non-Executive
Director**

Darc is a seasoned enterprise software professional with over 25 years' experience

successfully building and growing Software as a Service (SaaS) and Cloud based businesses across global markets. Darc has spent his career working and living in Europe, the USA and Asia/Pacific, growing public and private companies including Infor, SAP, IntraPower (Trusted Cloud) and Integrated Research (ASX:IRI).

Darc led the SAP (NYSE:SAP) global CRM Line of Business, building it from start-up to total annual revenues of US\$1.5 billion, establishing SAP as the global leader in the CRM market. He was CEO at Integrated Research (ASX:IRI) and led the company through a whole of business transformation strategy that delivered 70%+ growth in Revenue and Profits along with a 4x+ growth in the company's market capitalisation.

During Darc's tenure as CEO at IR he led the development and execution of a product and go to market strategy that won IR the distinction of Gartner "Cool Vendor" and established the company as the global market leader in the Unified Communications Performance Management market. Darc is currently a Non-Executive Director on the Board of Objective Corporation (ASX:OCL) and Gentrack (ASX:GTK).



Gary Miles
CEO

Gary joined Gentrack in October 2020 following an extensive international career in

enterprise technology innovation and cloud capabilities, including serving on the leadership team of Amdocs (NASDAQ:DOX), a provider of cloud business software and services to the communications industry. At Amdocs he served as Chief Marketing Officer and prior to this role, was Division President and CTO, leading strategy development, building the product portfolio and sales organisation as well as overseeing Amdocs' digital services, big data and mobile engagement divisions.

He has also founded and successfully scaled several technology companies including jNetX, a next-generation intelligent network platform for communication service providers, prior to its acquisition by Amdocs in 2009.

Gary is based in London.



Business update

Our Energy Business

Worldwide the energy market is in an exciting state of transition, with an increase in the urgency and importance of the move to low carbon energy. This brings enormous opportunity to both retailers and vertically integrated energy providers. Across the industry the pace of transformation is significantly increasing as changing commercial and operating models drive the need for innovation. Our customers are embracing and leading this transition, moving along an innovation highway from offering familiar services such as relatively static fixed and flex tariffing to more complex offerings such as dynamic time of use, multi-brand and multi-play and low carbon energy solutions such as solar home bundles.

Gentrack operates in the most advanced and dynamic markets on the planet: the world looks at the UK and Australia to learn and evolve. The UK is a highly competitive and innovative market where competition on the vendor and retailer side has served to strengthen our core proposition. In Australia, 30% of domestic properties now have solar panels on the roof, while the number of installed batteries is predicted to continue to rise. Australia's high growth in solar and batteries is due to the favourable subsidies which have been offered and regulatory frameworks which have allowed suppliers to branch out their offerings to become appealing to consumers, particularly those propositions which have addressed the major barrier of the upfront cost of these low carbon home systems.

Despite the impact of a number of our UK B2C customers going through the Supplier of Last Resort insolvency process, we have seen continued high growth in the UK. In addition to a strong base of B2C customers, we are the leader in B2B energy and have now transitioned more than 90% of our UK customers onto the cloud to support their need for agility and flexibility such as flex contracts. In this dynamic market our customers are focusing increasingly on customer experience, and we have supported several customers such as Yu Energy, Engie and others as they embrace the Salesforce Energy & Utilities cloud to deliver this.

Completing one of the industry's most significant transformations, has provided a platform for npower Business Solutions (nBS) to lead British businesses on the road to net zero.

We have also supported UK market consolidation with the completion of one of the largest business transformations in the industry with E.ON and npower consolidating onto our single platform. The newly formed npower Business Solutions (nBS) now supplies 33TWh of electricity and 11TWh gas to British businesses. At a time when our industry is facing mounting cost pressures, the consolidation of the two businesses puts nBS in a great position to offer flexible energy solutions and help British businesses on the complex road to net zero.



Australia is our fastest growing market and is leading the way in the transition to low carbon assets for businesses and the home.

Red Energy continues to be the leading consumer energy brand in Australia and is running on Gentrack, while our customer Power and Water Corporation is responsible for the infrastructure and service that delivers power and supplies water in the entire Northern Territory. Their service area is 1.3 million km². By comparison, that is 5 times the area of the entire UK. We are also proud to partner too with major B2B players such as Origin who were first in the country to offer 5-minute settlement using new Gentrack technology. There were some instances of insolvency in this market, but these did not impact us and we are not in a high-risk position in this regard. Overall, we are very excited about the potential of this market.

In New Zealand we have had a phenomenal year. In May 2022, Mercury acquired Trustpower's retail arm, creating the biggest energy retailer in the country. The business consolidated onto the Gentrack system used by Trustpower: a robust multi-play platform supporting energy and broadband bundles, with enhanced automation and reduced cost to serve. And we are proud to be playing a part in the transformation of customers such as Pulse Energy: a 100% community-owned energy company, supplying electricity, gas and broadband to customers throughout New Zealand. We now support over 50% of the meters in this, our home market.

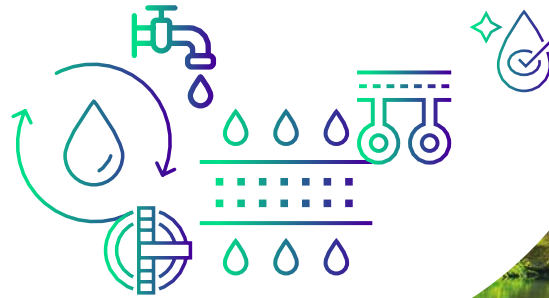
Globally our customers are looking for our support to accelerate the move to cleantech and offer consumers truly innovative propositions.

Worldwide our customers are looking to Gentrack to support them as more regions start to make the shift to cleantech. Looking for our help in creating innovative propositions, ensuring best-in-class customer service, and managing and using the exponentially increasing amounts of data. In Asia, we recently led a consortium of Accenture and Smart Energy Water to win a contract from one of Singapore's large and established energy retailers to deliver an enhanced customer experience.

Our success in these markets is pivotal as we move into our next phase of global expansion.



Business update



Our Water Business

The need to act sustainably and responsibly in order to preserve what is our single most precious resource is more urgent than ever. IT systems for the regulated water market have been underinvested in for decades with many now reaching end of life. These systems are not cost competitive and do not provide good customer experience or the ability to innovate. In many markets, as we find ourselves dealing with drought more regularly and severely, the need for systems that can support faster-to-react and even pro-active solutions such as the adoption of smart metering is critical. Likewise, Covid has highlighted the need to work closely and effectively with customers, and the lack of flexibility current systems provide around managing consumer debt. Reducing opex to service utilities' debt is becoming more and more important as inflation increases and interest rates rise. The water industry urgently needs to transform.

In the UK we provide business-critical solutions and systems to more than 50% of the non-household water market and see great opportunity to work with companies in the regulated household segment; we have recently established a team to explore this potential. Our water customers are looking to run a lean, efficient and data driven customer, supply and networks focused business – one which understands the measures that turn statements of intent into action and results.

Leading the way with one of our key UK customers, we combined our extensive experience with AWS to deliver a seamless transition of >200k business customers to an innovative cloud-based solution. This has enabled the water utility to operate effectively and focus on delivering brilliant customer service at the lowest cost to serve. Across the whole UK we now support more than 500k business customers.

In Australia, as focus moves from water as part of the property to becoming more customer-centric, our partnership with Salesforce means we are well placed to help lead this change. We currently support 6 of the 12 leading water suppliers and have a strong pipeline for growth.

As our most precious resource, the need to innovate and excel at customer experience in the water industry has never been more vital.

In New Zealand water is largely unmetered throughout the country and this needs to change. Many systems in use today will not be fit for purpose, while Gentrack's experience of metered markets means we are well placed to support this transformation.



Our Utility Partners

We see partnership as both an important route to market and a way to strengthen our offering. Our new partnership with Tata Consultancy Services will play a key role in giving visibility of transformation opportunities worldwide for both energy and water, whilst our new partnership with Salesforce means we can offer our customers the world's leading CRM as part of our g2.0 solution.



Our g2.0 solution

Our recently released g2.0 solution will underpin our growth in both energy and water.

This feature-rich solution has been developed with our 5,000 person years of experience gained across a base of more than 50 customers. It puts Gentrack in a strong position to support our customers with some compelling features designed to address energy supplier challenges.

With the leading technology of g2.0 and a strong culture of one global team, Gentrack is well positioned to use our expertise and experience from around the world to help the most progressive energy suppliers transform for the sustainable era.



Modern composable architecture



Cloud native



A world-class customer experience with Salesforce CRM



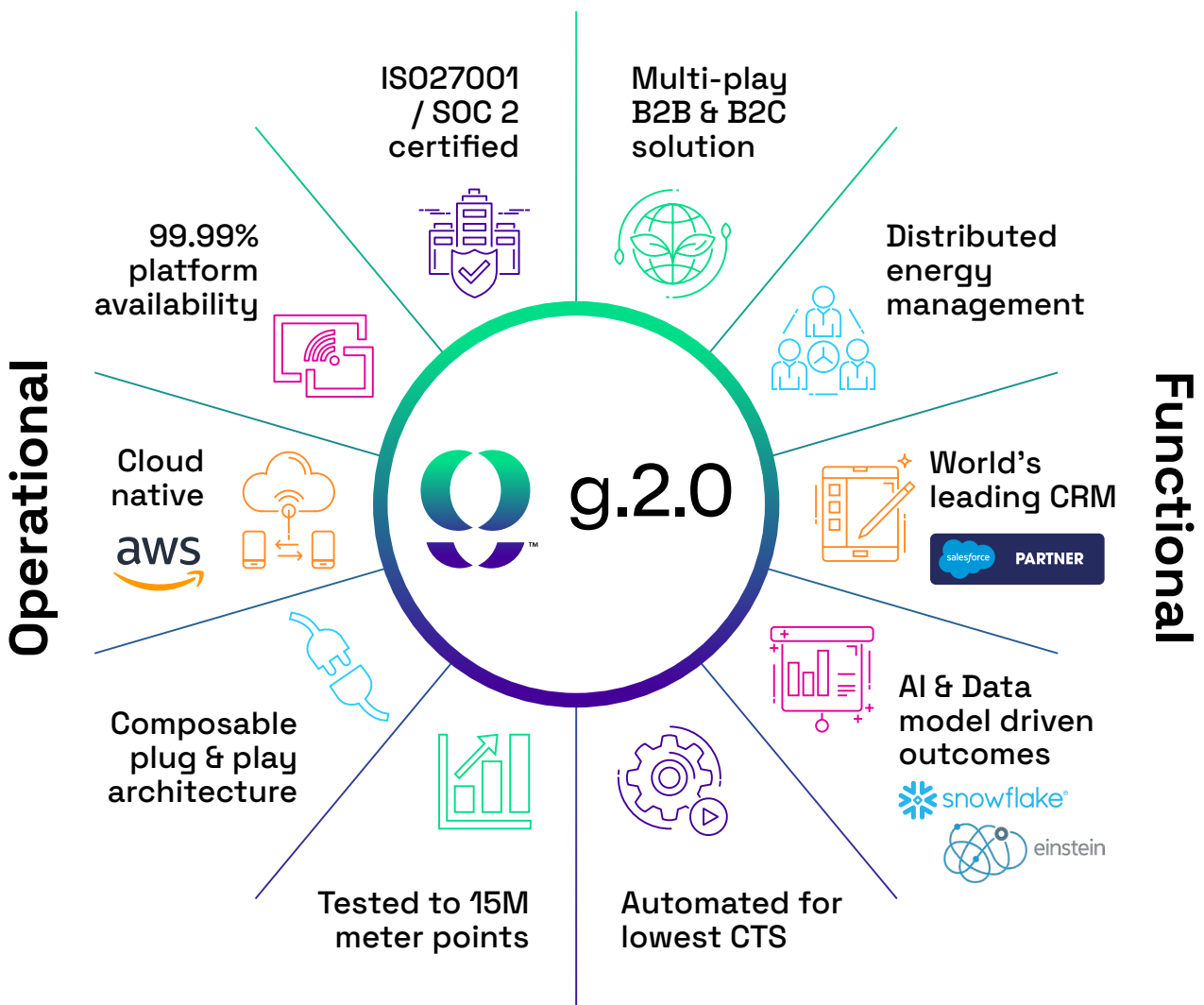
A focus on reducing cost-to-serve through automation



Ability to create innovative new propositions for the end consumer



Specialist Distributed Energy Management module to support VPPs



Our Aviation Business



James Williamson
CEO, Veovo



2022 has seen the recovery of the aviation industry. Passengers have returned quicker than expected, and travel demand is strong – air traffic is now at 75% of 2019 levels. This is driving the prioritisation of digital initiatives as airports seek to improve efficiency, lower costs and improve services.

For Veovo, this has led to a significant uptick in activities. In 2022 we signed a landmark contract with Avinor, the operator of Norway's 43 airports, for one of the industry's most innovative and comprehensive machine-learning programs. We secured platform upgrades and support extensions with major customers in all geographies. We also signed our first managed service contract with a Tier 1 airport and, in the wider travel sector, won our first major European railway station.

As a result, our recurring revenues have increased by more than 12%.

At the same time, we continue to invest in our technology to deliver the "Airport 4.0" capabilities that will underpin optimal airport performance. This includes ensuring that our entire portfolio is cloud-ready and building AI-powered forecasting and intelligent automation into our airport operations, revenue and people flow products.

We expect the momentum of FY22 to increase into FY23 and FY24. We enter the year with a strong backlog of upgrade projects to our new-generation operations platform and a strengthening pipeline of opportunities as airports restart their capital programmes.

Our people and our planet



Frances Caldwell
Chief People Officer

As a transformational powerhouse, Gentrack is ultimately powered by its amazing people who demonstrate our three values in all that they do:

- **Respect for each other**
- **Respect for our customers**
- **Respect for the planet**

Our global strategy remains focused on understanding and enabling our

people to deliver their best. We have open dialogue and have, as a company, built our people strategy together to ensure that people are at the heart and start of all that we do. We believe in a sustainable future and sustainable organisation and therefore focus on all elements of the employee lifecycle to enhance, amplify and enable our culture.

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Talent attraction, learning and engagement

We are continuing to grow as an organisation and welcome new Gentrackers to support our increasing customer demand and global expansion with a further 14% people growth in FY2022 and a resourcing strategy to enable continued double digit people growth in FY2023. In addition, we have expanded in key locations with Gentrack India and other European and Asian countries coming online as part of our global team.

Our brand, range of opportunities and global expansion is providing the best opportunities for our people – we have invested heavily in tailoring our learning programs, with coaching programs and bespoke workshops to connect and collaborate.

Our biannual engagement survey creates the opportunity for dialogue around our engagement drivers and ensures any investment we take; we take together as one team that plays to win. In one year, we have witnessed an unprecedented uplift in our 'highly engaged' and 'engaged' scores globally, as well a downturn in employee turnover.

At the core of our engagement strategies is creating the opportunities for dialogue – listening and learning from one another and connecting on our global scale. Our global conferences at half year give us a unique opportunity to collaborate, engage and focus on our shared people agenda as a result.

Reward and recognition

We believe in reinvesting our success to our people, and after a highly successful year we have been able to reward our top performers with market aligned compensation with motivating variable reward. We believe in utilising our talent planning approaches to ensure recognition and our peer-based global recognition program enables our Gentrackers to reward and recognise one another throughout the year for their performance and behaviours.

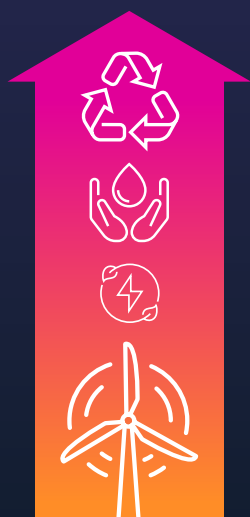


Diversity, inclusion and wellbeing

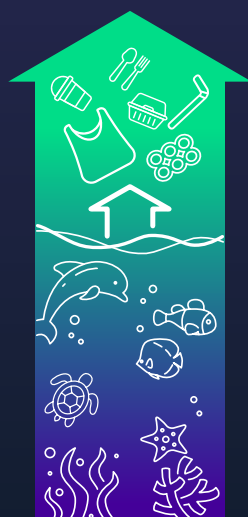
We have continued to evolve our approaches to reflect our hybrid working and need to connect, learn and collaborate. Our global program, Genergy, allows our people to work in their best way and promotes an 'extend your weekend', finishing at 2pm on a Friday to recharge and renew. We have recalibrated and enhanced our offices globally to create energising and collaborative workspaces and enhanced benefits such as parental leave to be market-leading benefits designed to support, enable and energise our people.

We continue to empower our local teams to take a leadership role in amplifying our inclusive culture and creating a sense of belonging, which is the core of our team spirit and culture.

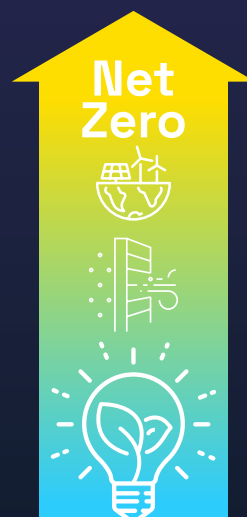
We believe that cleantech is the way forward and have initiated sustainability initiatives throughout the company.



Build cleantech technologies to allow retailers and vertically integrated energy providers to support hundreds of millions of homes and businesses with more efficient and cleaner uses of energy and water



Implement a Corporate Social Responsibility strategy and programme centred on reducing plastic use for cleaner oceans



Drive internal sustainability targets with clear goals and objectives as we journey towards net zero

Our planet and creating a sustainable organisation

The work that we do is critical in creating a positive impact on our planet, and our people are passionate about not only supporting programs such as these (e.g. our Virtual Power plant and battery aligned work) but also in ensuring our internal approaches have sustainability at the core.

This year, our people nominated that our priorities should therefore be on three main pillars (see below), and we will continue to focus on building strategies to positively impact these areas and our planet as a whole.

Our people remain at the heart and start of all that we do, ensuring a sustainable and successful organisation as a result.





Gentrack Group Limited

Financial Statements

For the year ended 30 September 2022



Independent Auditor's Report

To the shareholders of Gentrack Group Limited

Opinion

We have audited the financial statements of Gentrack Group Limited and its subsidiaries (together "the Group") on pages 27 to 58, which comprise the consolidated statement of financial position of the Group as at 30 September 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 27 to 58 present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2022 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for opinion

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

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our

opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Revenue recognition – software implementation

Why significant

The Group has reported revenues of \$126 million. The accounting for the portion of revenue related to software implementation projects of \$22 million, which is part of the licences and project services revenue, requires consideration of the inherent complexities of software implementation projects and using estimation. As a result we consider this a key audit matter.

Revenue from implementation projects is recognised based on the stage of completion using either the proportion of actual hours at the reporting date compared to management estimates for total forecast hours or with reference to milestones.

Accurate recording of this revenue is highly dependent on:

- ▶ Detailed knowledge of individual characteristics of a contract, including its unique terms, knowledge of the software and expected length of time to complete contractual milestones;
- ▶ Ongoing adjustments to estimated hours to complete implementation taking into consideration changes in scope, estimated timing and project delays; and
- ▶ Changes to total project revenue for contract variation or additional billing for changes in scope or additional hours incurred.

Disclosures in relation to the Group's revenue are included in note 3.2 to the consolidated financial statements.

How our audit addressed the key audit matter

In obtaining sufficient appropriate audit evidence, we:

- ▶ selected a sample of implementation projects focusing on projects that were in progress at balance date. For the projects selected, where relevant, we:
 - ▶ assessed whether revenue recognised was consistent with contractual terms and accounting standard requirements, including any allocations of contract revenue between initial license fee, design and implementation, and maintenance phases of the contracts;
 - ▶ obtained the project status reports as at 30 September 2022 and considered whether the project manager had performed a review to ensure the forecast hours to complete reflect current expectations;
 - ▶ recalculated revenue to date based on actual hours incurred as a percentage of total forecast hours to ensure revenue was recognised in line with the project manager's estimate; and
 - ▶ assessed the forecast hours to complete and project status through discussion with project managers and senior management, and challenged significant changes in total forecast hours post year end to understand if these should have been reflected in the forecast as of the year end.
- ▶ assessed appropriateness of the deferred revenue balance at year end by reference to the percentage of completion of implementation projects; and
- ▶ considered the adequacy of the associated disclosures in the financial statements.

Goodwill and Brand intangible assets' impairment assessment

Why significant

The Group's statement of financial position includes \$111 million of goodwill and brand assets at 30 September 2022, which make up 52% of the Group's total assets.

NZ IAS 36 Impairment of Assets requires goodwill and intangible assets with indefinite useful lives to be tested for impairment annually irrespective of whether there are any indicators of impairment. This assessment requires judgement including consideration of both internal and external sources of information.

Goodwill and brands are allocated to two cash generating units (CGUs), being Utilities and Veovo.

In considering whether goodwill and brands were impaired, the Group estimated the recoverable amount of each CGU using a discounted cash flow model and key assumptions as disclosed in note 5.3 of the financial statements.

How our audit addressed the key audit matter

In obtaining sufficient appropriate audit evidence, we:

- ▶ assessed the Group's determination of CGUs based on our understanding of the nature of the Group's business units
- ▶ engaged our valuation specialists to assess the conclusions of the Group in relation to impairment. In doing so they:
 - ▶ identified a set of comparable companies and determined the EBITDA and Revenue multiples relevant to their next financial year; and
 - ▶ considered the range of publicly available EBITDA and Revenue multiples to the multiple level which would result in a different impairment conclusion for each of the Group's CGUs
- ▶ considered the Group's next year revenue and EBITDA forecasts and challenged whether these and the assumptions used in assessing them fell within reasonable ranges
- ▶ considered the accuracy of previous Group forecasts for the next financial period to inform our evaluation of forecasts included in the impairment models
- ▶ performed sensitivity analysis in relation to the next year forecast revenue and EBITDA to consider the potential impact of changes in these assumptions; and
- ▶ evaluated the adequacy of the related financial statement disclosures.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the consolidated financial statements and auditor's report which is expected to be made available to us after the date of this auditor's report.

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



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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Chartered Accountants
Wellington
28 November 2022

A member firm of Ernst & Young Global Limited

DIRECTORS RESPONSIBILITY STATEMENT

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

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

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

The Board of Directors of Gentrack Group authorised these financial statements for issue on 28 November 2022.

For and on behalf of the Board of Directors:



Andy Green

Chairman
Date: 28 November 2022



Fiona Oliver

Director
Date: 28 November 2022

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Financial Statements

30 September 2022



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	SECTION	2022 NZ\$000	2021 NZ\$000
Revenue	3.1,3.2	126,299	105,723
Expenditure	3.4	(118,185)	(92,996)
Profit before depreciation, amortisation, financing, foreign exchange gain or loss and tax		8,114	12,727
Depreciation and amortisation	3.5	(10,693)	(10,864)
(Loss)/Profit before financing, foreign exchange gain or loss and tax		(2,579)	1,863
Net finance (expense)/income and foreign exchange gain or loss	3.6	(878)	3,701
(Loss)/Profit before tax		(3,457)	5,564
Income tax benefit/(expense)	7.1	137	(2,375)
(Loss)/Profit attributable to the shareholders of the company		(3,320)	3,189
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Excess income tax benefit on share-based payments		(147)	91
Translation of international subsidiaries		(881)	(4,992)
Total comprehensive loss for the period		(4,348)	(1,712)
EARNINGS PER SHARE / (LOSS) ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY (EXPRESSED IN DOLLARS PER SHARE)			
Basic earnings per share	6.4	(\$0.03)	\$0.03
Diluted earnings per share	6.4	(\$0.03)	\$0.03
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ISSUED			
Basic	6.4	99,840	98,761
Diluted	6.4	102,404	102,637

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

		2022	2021
	SECTION	NZ\$000	NZ\$000
CURRENT ASSETS			
Cash and cash equivalents	4.3	27,387	25,957
Trade and other receivables	5.1	29,485	21,746
Income tax receivable		2,744	68
Inventory	5.8	395	362
Total current assets		60,011	48,133
NON-CURRENT ASSETS			
Property, plant and equipment	5.5	2,205	2,683
Lease assets	9.1	8,560	8,162
Goodwill	5.2	106,240	106,766
Intangibles	5.4	30,797	37,698
Deferred tax assets	7.2	5,478	5,391
Total non-current assets		153,280	160,700
Total assets		213,291	208,833
CURRENT LIABILITIES			
Trade payables and accruals	5.6	6,843	4,513
Lease liabilities	9.1	1,675	1,376
Contract liabilities		12,592	12,695
GST payable		2,674	1,931
Employee entitlements	5.7	14,731	9,535
Income tax payable		-	1,322
Total current liabilities		38,515	31,372
NON-CURRENT LIABILITIES			
Lease liabilities	9.1	11,407	11,176
Employee entitlements	5.7	562	539
Deferred tax liabilities	7.2	2,899	3,305
Total non-current liabilities		14,868	15,020
Total liabilities		53,384	46,392
Net assets		159,908	162,441
EQUITY			
Share capital	6.1	194,009	191,699
Share based payment reserve		2,877	3,888
Foreign currency translation reserve		909	1,790
Retained earnings		(37,887)	(34,936)
Total equity		159,908	162,441

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

For and on behalf of the Board who authorised these financial statements for issue on 28 November 2022.

A. J. Green

Andy Green
Chair

Date: 28 November 2022

Fiona Oliver

Fiona Oliver
Director

Date: 28 November 2022

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2022 NZ\$ 000	SECTION	SHARE CAPITAL	SHARE BASED PAYMENT	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL EQUITY
Balance as at 1 October		191,699	3,888	(34,936)	1,790	162,441
Loss attributable to the shareholders of the company		-	-	(3,320)	-	(3,320)
Other comprehensive (loss)/income		-	-	(147)	(881)	(1,028)
Total comprehensive income/(loss) for the period, net of tax		-	-	(3,467)	(881)	(4,348)
TRANSACTION WITH OWNERS						
Issue of share capital	6.1,6.2	2,310	(2,310)			-
Accelerated vesting			(516)	516		-
Share-based payments	6.2		1,815	-	-	1,815
Balance at 30 September		194,009	2,877	(37,887)	909	159,908

2021 NZ\$ 000	SECTION	SHARE CAPITAL	SHARE BASED PAYMENT	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL EQUITY
Balance as at 1 October		191,229	699	(38,216)	6,782	160,494
Profit attributable to the shareholders of the company		-	-	3,189	-	3,189
Other comprehensive income/(loss)		-	-	91	(4,992)	(4,901)
Total comprehensive income for the period, net of tax		-	-	3,280	(4,992)	(1,712)
TRANSACTION WITH OWNERS						
Issue of share capital	6.3	470	(413)	-	-	57
Share-based payments	6.2		3,602	-	-	3,602
Balance at 30 September		191,699	3,888	(34,936)	1,790	162,441

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

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

SECTION	2022	2021
	NZ\$000	NZ\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	118,647	103,251
Payments to suppliers and employees	(108,557)	(85,957)
Income tax paid	(4,126)	(3,535)
Net cash inflow from operating activities	5,964	13,759
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment 5.5	(986)	(663)
Proceeds from sale of property, plant and equipment	37	-
Net cash outflow from investing activities	(949)	(663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for lease liabilities	(2,503)	(2,678)
Lease liability finance charge* 9.1	(732)	(814)
Repayment of borrowings	-	(2,564)
Interest paid	(614)	(176)
Net cash outflow from financing activities	(3,849)	(6,232)
Net increase in cash held	1,166	6,864
Foreign currency translation adjustment	264	(228)
Cash at beginning of the financial period	25,957	19,321
Closing cash and cash equivalents	27,387	25,957

* The lease liability finance charge has been reclassified from operating to financing activities.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022



GENERAL INFORMATION



ACCOUNTING POLICIES



CRITICAL JUDGEMENTS



GENERAL INFORMATION

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

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



ACCOUNTING POLICIES

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

Accounting policies are identified by this symbol above.



CRITICAL JUDGEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. GENERAL INFORMATION

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

The financial statements presented are for Gentrack Group Limited (the parent) and its subsidiaries (Gentrack Group) for the year ended 30 September 2022. Prior year comparatives are for the year ended 30 September 2021.

The financial statements of Gentrack Group for the year ended 30 September 2022 were authorised for issue in accordance with a resolution of the directors on 28 November 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES



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

2.1 KEY LEGISLATION AND ACCOUNTING STANDARDS

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

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

The financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013.

2.2 BASIS OF CONSOLIDATION

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

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

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

TRANSACTIONS AND BALANCES

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

FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

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

2.3 BUSINESS COMBINATIONS

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2.3 BUSINESS COMBINATIONS (CONTINUED)

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

Gentrack Group has not made any acquisitions during the year ended 30 September 2022 or 2021. For details of acquisitions made in prior years refer to the 2018 Annual Report.

2.4 GROUP INFORMATION

The financial statements include the following subsidiaries:

ENTITY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	SHAREHOLDING 2022	SHAREHOLDING 2021
Gentrack Group Australia Pty Limited	Holding company	Australia	100%	100%
Gentrack Pty Limited	Software sales and support	Australia	100%	100%
Veovo Holdings (Denmark) ApS	Holding company	Denmark	100%	100%
Veovo A/S (formally Blip Systems A/S)	Software development sales and support	Denmark	100%	100%
CA Plus Limited	Software development sales and support	Malta	100%	100%
Veovo Group Limited	Holding company	New Zealand	100%	100%
Gentrack Limited	Software development sales and support	New Zealand	100%	100%
Gentrack Holdings (UK) Limited	Holding company	United Kingdom	100%	100%
Gentrack UK Limited	Software development sales and support	United Kingdom	100%	100%
Junifer Systems Limited	Dormant	United Kingdom	100%	100%
Evolve Parent Limited	Holding company	United Kingdom	100%	100%
Evolve Analytics Limited	Dormant	United Kingdom	100%	100%
Gentrack Private Software Limited	Software development and support	India	100%	100%
Gentrack (Singapore) Pte Limited	Software sales and support	Singapore	100%	100%
Veovo Inc	Software sales and support	USA	100%	100%
Veovo NZ Limited	Software sales and support	New Zealand	100%	100%
Veovo UK Limited	Software sales and support	United Kingdom	100%	100%
Veovo IP Limited	Software development	New Zealand	100%	100%

2.5 IMPACT OF STANDARDS ISSUED BUT NOT YET ADOPTED

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

There were no other new effective standards adopted on 1 October 2021 that had a material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. GROUP PERFORMANCE



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

3.1 OPERATING SEGMENTS

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



Gentrack Group currently operates in two business segments, utility billing software and airport management software. Consistent with prior years, Gentrack Group's corporate costs are included in the utility segment.

These segments have been determined based on the reports reviewed by the Board (Chief Operating Decision Maker) to make strategic decisions.

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

2022	UTILITY	AIRPORT	TOTAL
	NZ\$000	NZ\$000	NZ\$000
TIMING OF REVENUE RECOGNITION			
Point in time	23,007	1,904	24,911
Over time	85,203	16,185	101,388
Total revenue	108,210	18,089	126,299
Expenditure	(102,294)	(15,891)	(118,185)
Segment contribution (1)	5,916	2,198	8,114
2021	UTILITY	AIRPORT	TOTAL
	NZ\$000	NZ\$000	NZ\$000
TIMING OF REVENUE RECOGNITION			
Point in time	10,973	1,636	12,609
Over time	77,982	15,132	93,114
Total revenue	88,955	16,768	105,723
Expenditure	(79,604)	(13,392)	(92,996)
Segment contribution (1)	9,351	3,376	12,727

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3.1 OPERATING SEGMENTS (CONTINUED)

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

	2022	2021
	NZ\$000	NZ\$000
Segment contribution (1)	8,114	12,727
Depreciation and amortisation	(10,693)	(10,864)
Net finance income/(expense)	(878)	3,701
Income tax (expense)/benefit	137	(2,375)
Profit/(Loss) attributable to the shareholders of the company	(3,320)	3,189

	2022	2021
	NZ\$000	NZ\$000
REVENUE BY DOMICILE OF ENTITY		
Australia	32,463	25,359
New Zealand	13,300	13,467
United Kingdom	72,093	60,302
Rest of World	8,443	6,595
Total revenue	126,299	105,723
REVENUE BY DOMICILE OF CUSTOMER		
Australia	35,312	27,509
New Zealand	8,115	8,696
United Kingdom	71,612	57,382
Rest of World	11,261	12,136
Total revenue	126,299	105,723

In 2022, Gentrack Group generated \$20.9m from a single utility customer domiciled in the United Kingdom (2021: no single customer including their subsidiaries accounted for 10% or more of Gentrack Group's revenue).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3.2 OPERATING REVENUE



Gentrack Group recognises revenue from customers when the performance obligation has been accomplished. A performance obligation is accomplished when the customer has received all the benefits promised under the performance obligation. The following sections detail the type of revenue recognised within each category.



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

Contract assets are initially recognised for revenue earned from services in progress and are reclassified to trade receivables on stage of completion. Contract assets are subject to impairment assessments.

Contract liabilities are recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract assets and contract liabilities typically are recognised as trade receivables and revenue (respectively) within a 12-month period.

ANNUAL FEES

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

SUPPORT SERVICES

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

LICENSES

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

PROJECT SERVICES

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

MANAGED SERVICES

Managed Services includes revenues where Gentrack uses its own software and expertise, on behalf of customers, to deliver either improvements in the energy reconciliation process or supporting customers with billing and operational back-office processes. Revenue is recognised when the service is complete or over the period that the benefits are consumed by the customer.

OTHER

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3.2 OPERATING REVENUE (CONTINUED)

		2022	2021
	SECTION	NZ\$000	NZ\$000
OPERATING REVENUE:			
Annual fees		54,131	55,376
Support services		21,016	20,977
Project services		26,985	18,727
Licenses		2,117	2,758
Managed services		20,145	5,512
Other		1,905	1,670
Total operating revenue		126,299	105,020
OTHER INCOME:			
Government grants	3.3	-	703
Total revenue		126,299	105,723

Managed Services has been reclassified from Other due to its significant value. Of the amounts disclosed as Managed Services for FY21, \$3.1m was previously disclosed in Other and \$2.4m was previously disclosed in Annual fees.

3.3 OTHER INCOME

GOVERNMENT GRANTS



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

Up until 31 March 2021, the government grant from Callaghan Innovation in New Zealand provided a percentage return for eligible Research and Development conducted by Gentrack Group. Effective from 1 April 2021 the Callaghan Grant was replaced by the Research and Development Tax Incentive (RDTI) where a tax incentive is provided for eligible Research and Development conducted by Gentrack Group. The Callaghan Innovation grant was recognised as revenue and RDTI is recognised as a tax credit.

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

3.4 EXPENDITURE

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

	2022	2021
	NZ\$000	NZ\$000
PROFIT / (LOSS) BEFORE TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
Employee entitlements	86,597	70,296
Administrative costs	5,785	3,862
Third party customer-related costs	7,055	5,438
Advertising and marketing	1,850	1,191
Consulting and subcontracting	12,530	9,353
Other operating expenses	4,368	2,856
Total expenditure	118,185	92,996

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3.4. EXPENDITURE (CONTINUED)

Included in the total expenditure above, Gentrack Group has expensed \$20.4m in Research and Development expenditure (2021: \$12.7m). This Research and Development expenditure includes payroll costs, employee benefits and other employee related costs, direct overheads, and other directly attributable costs related to performing Research and Development activities.

3.5 DEPRECIATION AND AMORTISATION



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

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

	2022	2021
	NZ\$000	NZ\$000
Depreciation	4,064	3,084
Amortisation	6,629	7,780
Total depreciation and amortisation	10,693	10,864

3.6. NET FINANCE EXPENSES



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

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

		2022	2021
	SECTION	NZ\$000	NZ\$000
FINANCE INCOME			
Interest income		37	26
		37	26
FINANCE EXPENSE			
Interest expense		(651)	(203)
Lease liability finance charges	9.1	(732)	(814)
Foreign exchange gains		468	4,692
		(915)	3,675
Net finance income/(expense)		(878)	3,701

4. CASH, BORROWINGS AND CASH FLOWS



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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

4.1 RECONCILIATION OF NET SURPLUS TO CASH FLOWS

SECTION	2022	2021
	NZ\$000	NZ\$000
RECONCILIATION OF OPERATING CASH FLOWS WITH NET PROFIT/(LOSS) AFTER TAX:		
Profit/(Loss) after tax	(3,320)	3,189
ADJUSTMENTS FOR NON-CASH ITEMS		
Deferred tax	7.2 (302)	(2,590)
Impairment provision - Trade receivables	38	4
Gain on foreign exchange transactions	(468)	(4,692)
Share based payments	1,815	3,566
Interest expense	3.6 651	202
Interest income	3.6 (37)	(26)
Lease liability finance charges*	3.6 732	814
Depreciation and amortisation	3.5 10,693	10,864
Non-cash items	9,802	11,331
ADD/(DEDUCT) MOVEMENTS IN OTHER WORKING CAPITAL ITEMS:		
(Increase)/Decrease in trade and other receivables	(7,160)	(3,167)
Increase/(Decrease) in tax payable	(3,962)	1,430
(Decrease)/Increase in GST payable	746	(1,284)
Increase in contract liabilities	(715)	413
Increase in employee entitlements	4,986	4,177
Increase/(Decrease) in trade payables and accruals	2,267	859
Net working capital movements	(3,838)	2,428
Net cash inflow from operating activities	5,964	13,759

*As a result of the change in classification of the lease liability finance charges to operating activity in the Statement of Cashflows, it forms part of the above reconciliation.

4.2 BANK FACILITIES AND BORROWINGS

On 17 December 2021, Gentrack Group entered into a facility loan agreement with Bank of New Zealand (BNZ) replacing the ASB finance facility which expired in March 2022. The BNZ agreement is for a NZ\$25 million multicurrency facility. This facility is to provide additional funding as required for acquisitions and general corporate purposes. The BNZ facility expires on 16 December 2024.

The facility is secured by a general security agreement under which the bank has a security interest in Gentrack Group assets. Covenants are in place and compliance is reported quarterly. At all times during the period Gentrack Group has met the covenant requirements.

At 30 September 2022 \$Nil (2021: \$Nil) of the facility has been drawn down.

4.3 CASH AND CASH EQUIVALENTS



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

	2022	2021
	NZ\$000	NZ\$000
Bank balances	27,387	25,957
Total cash and cash equivalents	27,387	25,957

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5. ASSETS AND LIABILITIES



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

5.1. TRADE AND OTHER RECEIVABLES



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



The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on trade receivables and contract assets net of specific provisions applying lifetime ECLs at each reporting date. 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.

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

	2022	2021
	NZ\$000	NZ\$000
Trade receivables	24,723	18,422
Impairment provision - Expected credit loss	(385)	(334)
Impairment provision - Specific provision	(3,624)	(2,945)
Provision for volume discounts	(229)	(104)
Contract assets	6,895	4,865
Sundry receivables and prepayments	2,105	1,842
Total trade and other receivables	29,485	21,746

MOVEMENT IN TRADE RECEIVABLES IMPAIRMENT PROVISION

	2022	2021
	NZ\$000	NZ\$000
Opening balance	3,279	3,850
Increase in impairment provision	1,545	1,563
Write back in impairment provision	(813)	(2,089)
Effect of movement in foreign exchange	284	(21)
Bad debt written off	(286)	(24)
Total trade receivables impairment provision	4,009	3,279

The increase in the impairment provision is reflective of further B2C energy suppliers in the United Kingdom going into administration during the first half of 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5.1 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

2022	CURRENT	1-60 DAYS PAST DUE	61-120 DAYS PAST DUE	121-180 DAYS PAST DUE	OVER 180 DAYS PAST DUE	TOTAL
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Gross carrying amount	16,288	3,240	971	608	3,616	24,723
Expected credit loss allowance	76	19	44	61	185	385

2021	CURRENT	1-60 DAYS PAST DUE	61-120 DAYS PAST DUE	121-180 DAYS PAST DUE	OVER 180 DAYS PAST DUE	TOTAL
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Gross carrying amount	13,318	2,260	591	327	1,926	18,422
Expected credit loss allowance	60	23	18	20	213	334

5.2 GOODWILL



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

	2022	2021
	NZ\$000	NZ\$000
Opening balance	106,766	106,599
Exchange rate differences	(526)	167
Net book value	106,240	106,766
Goodwill allocated to Utilities	103,340	103,866
Goodwill allocated to Veovo	2,900	2,900
Net book value	106,240	106,766

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5.3 IMPAIRMENT TESTING

IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS



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

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



Gentrack Group tests annually whether goodwill has suffered any impairment or more often as required, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. In preparing the five-year forecasts, management has reviewed the assumptions and weighed up the information available at the time to ensure the forecasts are appropriate given the CGU's position and the prevailing market conditions. The WACC and terminal growth rates used in these calculations are set out in the table below:

CASH GENERATING UNIT	WACC 2022	Terminal Growth Rate 2022	WACC 2021	Terminal Growth Rate 2021
Utilities	10.7%	1.7%	9.6%	1.9%
Veovo	11.8%	1.7%	10.7%	1.9%

IMPAIRMENT TESTING RESULTS

The calculations confirmed there was no impairment of goodwill during the year for the Utilities or Veovo CGU's.

For the Utilities business the key assumption is the CAGR of revenue across the five-year period commencing 1st October 2022. Under management's projections this would need to fall below 7.25% for the recoverable amount to be less than the carrying value of the Utilities CGU. Management's projections, under all scenarios, project a CAGR comfortably above this and this compares to growth in revenue in FY22 for the Utilities business of 22%.

For the Veovo business, the carrying value of the CGU at \$2.7m is low in comparison to the EBITDA being generated by this business (\$2.2m in FY22) and so the assessment is not sensitive to changes in assumptions in management's projections.

Management believes that any reasonable possible change in the key assumptions for either CGU would not cause the carrying amount to exceed the recoverable amount.

5.4 INTANGIBLE ASSETS

CAPITALISED DEVELOPMENT



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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5.4 INTANGIBLE ASSETS (CONTINUED)

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

BRANDS

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

OTHER INTANGIBLE ASSETS

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

AMORTISATION



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

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

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

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Acquired source code and internal use software are categorised as software in the below table.

2022	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADEMARKS	CAPITALISED DEVELOPMENT	TOTAL
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Opening balance	20,413	10,501	5,024	289	1,471	37,698
Amortisation	(3,860)	(2,060)	-	(164)	(545)	(6,629)
Movement in foreign exchange	(174)	(91)	-	(3)	(4)	(272)
Closing net book value	16,379	8,350	5,024	122	923	30,797
Cost	44,772	24,041	5,024	835	2,719	77,391
Accumulated amortisation	(28,394)	(15,691)	-	(713)	(1,796)	(46,594)
Net book value	16,379	8,350	5,024	122	923	30,797

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5.4 INTANGIBLE ASSETS (CONTINUED)

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



5.5 PROPERTY PLANT AND EQUIPMENT

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

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

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

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

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

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

2022	FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Opening balance	642	755	1,286	2,683
Additions	138	756	92	986
Depreciation	(255)	(518)	(648)	(1,421)
Disposal	(46)	-	-	(46)
Movement in foreign exchange	2	5	(4)	3
Net book value	481	998	726	2,205
Cost	2,113	5,160	2,191	9,464
Accumulated depreciation	(1,632)	(4,162)	(1,465)	(7,259)
Net book value	481	998	726	2,205

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5.5 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

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

5.6 TRADE PAYABLES AND ACCRUALS



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

	2022	2021
	NZ\$000	NZ\$000
Trade creditors	1,634	1,929
Sundry accruals	5,209	2,584
Total trade payables and accruals	6,843	4,513

5.7 EMPLOYEE ENTITLEMENTS



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

	2022	2021
	NZ\$000	NZ\$000
CURRENT		
Long service leave	605	448
Other short-term employee benefits	14,126	9,087
	14,731	9,535
NON-CURRENT		
Long service leave	562	539
Total employee entitlements	15,293	10,074

5.8 INVENTORY



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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

6. CAPITAL STRUCTURE



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



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

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

6.1 CAPITAL MANAGEMENT

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

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

	SHARES ISSUED		SHARE CAPITAL	
	2022	2021	2022	2021
	000	000	NZ\$000	NZ\$000
Ordinary Shares	98,947	98,645	191,699	191,229
Issue of new ordinary shares	1,533	302	2,310	470
	100,480	98,947	194,009	191,699

During 2022 Performance Rights of 1,514,803 (2021: 274,105) in relation to Long Term Incentive Schemes vested, resulting in the same number of new shares being issued. Also 17,637 (2021: 28,389) shares were issued as part payment of Gentrack Group Directors fees.

6.2 SHARE BASED PAYMENTS



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



The fair value of the performance rights is determined at the grant date using the Black Scholes valuation method. The fair value of the performance rights is recorded as an expense in the statement of comprehensive income over the vesting period, based on Gentrack Group's estimate of the number of performance rights that will vest, with a corresponding entry to the share-based payment reserve within equity. During the year ended 30 September 2022 \$1.8m has been recognised in the statement of comprehensive income (2021: \$3.6m).

The number of performance rights allocated is based on a percentage of salary or other such percentage and are calculated with reference to the 10-trading day volume weighted average price (VWAP) of shares traded on the NZX based on dates indicated in the issue documentation.

Share based payments were introduced to:

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

Gentrack Group operates the follow three share schemes:

- **Senior Leadership Long Term Incentive Scheme** - Performance rights are subject to a combination of tenure and the Earnings Per Share (EPS) hurdle, split evenly and that will vest after 18 months and three years respectively, dependent on achievement of the period of service and EPS performance hurdle.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

6.2 SHARE BASED PAYMENTS (CONTINUED)

- **Gentrack Long Term Incentive Scheme** - This scheme was introduced in 2021 for selected key employees who are not part of the senior leadership long term incentive scheme. The performance rights vesting under this scheme are subject to the participants continuing to be employed by Gentrack Group at the end of the vesting period.
- **CEO Long Term Incentive Scheme** - This scheme was introduced in 2020 for the CEO. Under the initial grant, approved in 2021, performance rights were subject to a combination of immediate vesting and 12 and 13 months tenure. These performance rights have now all vested. Under the subsequent annual grants, starting October 2021, performance rights are subject to a combination of tenure and EPS hurdles vesting across a 3 year period from the date of grant.

Below is the table of remaining outstanding Performance Rights at 30 September 2022.

GRANT DATE	VESTING DATE	TOTAL VALUE OF GRANTED PERFORMANCE RIGHTS	PERFORMANCE RIGHTS GRANTED
		NZ\$000	000
2022			
EPS SCHEMES 2018-2022			
1 April 2020	1 April 2023	416	313
1 October 2020	30 November 2023	710	459
1 October 2021	30 November 2024	531	366
Total Senior Leadership LTI Schemes		1,657	1,138
1 October 2020	1 October 2022	643	450
1 October 2021	30 November 2024	923	527
Total Gentrack LTI Schemes		1,566	977
1 October 2021	31 October 2024	786	449
Total CEO LTI Schemes		786	449
Total Performance Rights Outstanding		4,009	2,564

GRANT DATE	VESTING DATE	TOTAL VALUE OF GRANTED PERFORMANCE RIGHTS	PERFORMANCE RIGHTS GRANTED
		NZ\$000	000
2021			
EPS SCHEMES 2018-2021			
1 October 2018	30 November 2021	310	65
1 October 2019	30 November 2022	351	160
1 April 2020	1 April 2023	1,023	769
1 October 2020	30 November 2023	973	666
1 October 2020	30 November 2023	996	682
Total Senior Leadership LTI Schemes		3,653	2,342
1 October 2020	1 October 2022	766	536
Total Gentrack LTI Schemes		766	536
1 October 2021	31 October 2024	1,537	998
Total CEO LTI Schemes		1,537	998
Total Performance Rights Outstanding		5,956	3,876

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

6.2 SHARE BASED PAYMENTS (CONTINUED)

PERFORMANCE RIGHTS MOVEMENTS

Below is a summary of all performance rights, granted, exercised and forfeited across all the equity settled share-based payments schemes operated by Gentrack Group during 2022:

GRANT DATE	2022		2021	
	AVERAGE EXERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS	AVERAGE EXERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS
		000		000
As at 1 October	\$1.54	3,876	\$2.25	1,408
Granted during the year	\$1.64	1,457	\$1.49	3,253
Vested during the year	\$1.50	(1,515)	0	(274)
Forfeited during the year	\$1.64	(1,254)	\$2.08	(511)
As at 30 September	\$1.56	2,564	\$1.54	3,876

6.3 DIVIDENDS

During the financial year 2022, \$Nil dividends were paid (2021: \$Nil).

6.4 EARNINGS PER SHARE



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

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

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

	2022	2021
(Loss)/Profit attributable to the shareholders of the company	(3,320)	3,189
(Loss)/Profit attributable to the shareholders of the company adjusted for the effect of dilution	(3,320)	3,189
Basic weighted average number of ordinary shares issued	99,840	98,761
Shares deemed to be issued for no consideration in respect of share-based payments	2,564	3,876
Weighted average number of shares used in diluted earnings per share	102,404	102,637
Basic earnings per share	(\$0.03)	\$0.03
Diluted earnings per share*	(\$0.03)	\$0.03

* As a loss was made in 2022, the shares deemed to be issued for share-based payments have not been included to determine earning per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

7. TAX

7.1 INCOME TAX EXPENSE



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

	2022	2021
	NZ\$000	NZ\$000
INCOME TAX EXPENSE COMPRISES:		
Current tax expense	166	4,965
Deferred tax expense	(303)	(2,590)
Tax expense/(benefit)	(137)	2,375

RECONCILIATION OF INCOME TAX EXPENSE

The relationship between the expected income tax expense based on the domestic effective tax rate of Gentrack Group at 28% (2021: 28%) and the reported tax expense in the statement of comprehensive income can be reconciled as follows:

	2022	2021
	NZ\$000	NZ\$000
Profit/(Loss) before tax	(3,457)	5,564
Taxable income	(3,457)	5,564
Domestic tax rate for Gentrack Group	28%	28%
Expected tax expense/(benefit)	(968)	1,558
Non-deductible expense*	382	(454)
Foreign subsidiary company tax	756	(45)
Change in tax rates	(98)	-
Prior period adjustments*	(209)	1,316
Actual tax expense/(benefit)	(137)	2,375

*Amortisation related to intangibles created on acquisition are non-deductible for tax purposes. The intangibles amortisation and related deferred tax are amortised over 10 years. For the purposes of the above table the deferred tax movement has been offset against the non-deductible tax expense.

As at 30 September 2022 Gentrack Group has \$11.3m (2021: \$9.4m) of imputation credits available for use in subsequent reporting periods.

7.2 DEFERRED TAX ASSETS AND LIABILITIES



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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

7.2 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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

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



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

The movement in temporary differences has been recognised in the statement of comprehensive income. Deferred tax has been recognised at a rate at which they are expected to be realised: 28% for New Zealand entities, 30% for Australian entities, 22% for Denmark entities, 21% for US entities, 17% for Singapore entity and 25% for India. On 23 September 2022, UK Government announced an increase in the corporate tax rate to 25% effective from 1 April 2022. For UK entities 19% is applied for first half of 2022 and 25% for second half of 2022.

Movement in temporary timing differences during the year:

2022	OPENING BALANCE	TEMPORARY MOVEMENT RECOGNISED	CURRENCY TRANSLATION	CLOSING BALANCE
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Trade and other receivables	(14)	(68)	(6)	(88)
Intangible assets	(3,291)	430	50	(2,811)
Contract liabilities	983	(113)	77	947
Provisions for doubtful debts and sundry accruals	2,676	855	47	3,578
Losses carried forward	1,727	(852)	22	897
Other	5	50	1	56
Net deferred tax	2,086	302	191	2,579

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

8. FINANCIAL RISK MANAGEMENT



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



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

8.1 CREDIT RISK

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



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

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

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

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

	2022		2021	
	GROSS	IMPAIRMENT PROVISION	GROSS	IMPAIRMENT PROVISION
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Current*	23,183	(364)	18,183	(348)
Past due 1-60 days	3,240	(94)	2,260	(454)
Past due 61-120 days	971	(55)	591	(261)
Past due 121-180 days	608	(61)	327	(315)
Past due over 180 days	3,616	(3,435)	1,926	(1,901)
	31,618	(4,009)	23,287	(3,279)

*The current bucket has been updated to include contract assets.

Gentrack Group's trade receivables and contract assets are not exposed to any significant credit exposure to any single counterparty or group of counterparties having similar characteristics. Trade receivables and contract assets consist of several customers in various geographical areas. Based on historic information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good. Sundry receivable and prepayments comprise of prepaid expenses and lease bonds that do not carry credit risk.

As at 30 September 2022 there are no significant concentrations of credit risk for financial assets designated as at amortised cost or at fair value. The carrying amount reflects Gentrack Group's maximum exposure to credit risk for these financial assets.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

8.2 MARKET RISK

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

FOREIGN CURRENCY RISK

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

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

	AUD	GBP	EUR	USD	DKK
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
2022					
Cash and cash equivalents	5,965	16,027	1,176	786	69
Trade and other receivables	5,326	19,250	1,826	1,583	442
Trade and other payables	(721)	(3,815)	(63)	(60)	(53)
Net exposure	10,570	31,462	2,939	2,309	458

2021					
Cash and cash equivalents	10,756	8,002	496	855	183
Trade and other receivables	4,503	10,074	1,493	874	1,915
Trade and other payables	(132)	(2,608)	(72)	(354)	(562)
Net exposure	15,127	15,468	1,917	1,375	1,536

The following table summarises the sensitivity of profit or loss and equity with regards to Gentrack Group's financial assets and financial liabilities affected by AUD/NZD exchange rate, the GBP/NZD exchange rate, the EUR/NZD exchange rate, the USD/NZD exchange rate, and the DKK/NZD exchange rate with all other aspects being equal. It assumes a +/-10% change in the NZD to the currency exchange rate for the year ended 30 September 2022 (2021: 10%). These +/-10% sensitivities have been determined based on the average market volatility in exchange rates in the preceding 12 months.

	PROFIT/EQUITY				
	AUD	GBP	EUR	USD	DKK
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
2022					
10% strengthening in NZD	(961)	(2,860)	(267)	(210)	(42)
10% weakening in NZD	1,174	3,496	327	257	51
2021					
10% strengthening in NZD	(1,375)	(1,406)	(174)	(125)	(140)
10% weakening in NZD	1,681	1,719	213	153	171

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

8.3 LIQUIDITY RISK

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

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

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

	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	>5 YEARS	TOTAL
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
2022						
Trade payables	-	1,634	-	-	-	1,634
	-	1,634	-	-	-	1,634
2021						
Trade payables	-	1,929	-	-	-	1,929
	-	1,929	-	-	-	1,929

8.4 INTEREST RATE RISK

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

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

	EFFECTIVE INTEREST RATE	FLOATING	FIXED UP TO 3 MONTHS	FIXED UP TO 6 MONTHS	FIXED UP TO 5 YEARS	TOTAL
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
ASSETS						
Cash on demand	-	25,812	-	-	-	25,812
Term deposit	-	-	1,575	-	-	1,575
Total exposure	-	25,812	1,575	-	-	27,387

	EFFECTIVE INTEREST RATE +1%	EFFECTIVE INTEREST RATE -1%
	NZ\$000	NZ\$000
Cash on demand	261	(261)
Term deposit	16	(16)
Total exposure	277	(277)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

8.5 FINANCIAL INSTRUMENTS



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

Gentrack Group's financial liabilities are measured at amortised cost.

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

CASH AND CASH EQUIVALENTS

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

TRADE RECEIVABLES

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

TRADE PAYABLES

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

FAIR VALUES

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

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

There have been no transfers between levels or changes in the valuation methods used to determine the fair value of Gentrack Group's financial instruments during the period. As at 30 September 2022 Gentrack Group has no level 3 financial instruments (2021: \$Nil).

FINANCIAL INSTRUMENTS BY CATEGORY

	2022	2021
	NZ\$000	NZ\$000
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Cash and cash equivalents	27,386	25,957
Trade and other receivables	29,485	21,746
	56,871	47,703
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Trade payables	(1,634)	(1,929)
	(1,634)	(1,929)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. OTHER INFORMATION

9.1 LEASE ASSETS AND LEASE LIABILITIES

RECOGNITION AND MEASUREMENT OF GENTRACK GROUP LEASING ACTIVITIES

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

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

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

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

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

Lease assets are measured at cost comprising the following:

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

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

LEASE ASSETS

	2022	2021
	NZ\$000	NZ\$000
Balance at 1 October	8,162	10,338
Lease additions	1,854	-
Lease amendments	1,155	185
Depreciation charges	(2,644)	(2,347)
Exchange differences	33	(14)
Lease assets at 30 September	8,560	8,162
Property	8,560	8,156
Office equipment	-	6
Lease assets at 30 September	8,560	8,162

Office equipment includes coffee machines and printer/copiers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9.1 LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

LEASE LIABILITIES

	2022	2021
	NZ\$000	NZ\$000
Balance at 1 October	12,552	15,127
Lease additions	1,854	-
Lease amendments	1,155	185
Principal repayments	(2,503)	(2,748)
Exchange differences	24	(12)
Lease liabilities at 30 September	13,082	12,552
Less than one year	1,675	1,376
One to five years	7,398	5,486
More than five years	4,009	5,690
Lease liabilities at 30 September	13,082	12,552

LEASE EXPENSES

	2022	2021
	NZ\$000	NZ\$000
Depreciation charges	2,644	2,347
Finance charges	732	814
Lease expenses	3,376	3,161

9.2 AUDITORS REMUNERATION

The table below sets out the amounts paid to Gentrack Group's auditors, EY, and non-EY auditors during the year ended 30 September 2022.

	2022	2021
	NZ\$000	NZ\$000
EY - audit fees	408	400
Non EY audit firm fees:		
- audit fees	54	92
- Accounting advise and taxation & compliance services	67	301
Total fees paid to auditor(s)	529	793

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9.3 KEY MANAGEMENT AND RELATED PARTIES



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

	2022	2021
	NZ\$000	NZ\$000
Short-term employee benefits	6,528	4,526
Share-based payments	741	465
Directors fee	623	606
Remuneration paid to Key Management Personnel	7,892	5,597

Gentrack Group's Directors are also directors of other companies.

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

9.4 OTHER DISCLOSURES

CAPITAL COMMITMENTS

There are no capital commitments at 30 September 2022 (2021: \$Nil).

CONTINGENCIES

BNZ and ASB New Zealand has provided guarantees of \$0.8m (2021: \$1.1m) on behalf of the Gentrack Group, these guarantees are in place for software implementation projects, property leases and credit card programs.

EVENTS AFTER BALANCE DATE

There were no material events after balance date.

On 28 November 2022, the Gentrack Group Board determined that no final dividend will be paid out for the 2022 financial year (2021: nil).

CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance, particularly its role in delivering improved corporate performance and protecting the interests of all stakeholders.

The Board is responsible for establishing and implementing the Company's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice while observing applicable laws, and NZX Corporate Governance guidance.

This section sets out the Company's commitment to good corporate governance and addresses the Company's compliance with the eight fundamental principles of the NZX Corporate Governance Code (NZX Code). The Company's Constitution, the Charters and most of the policies referred to in this Corporate Governance Statement are available on the Company's website www.gentrack.com ("Company Website") in the Leadership and Governance section of the Investor Centre.

This corporate governance statement is current as at December 2022 and has been approved by the Board.

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

The Board maintains high standards of ethical conduct and the Chief Executive Officer is responsible for ensuring that high standards of conduct are maintained by all staff and for managing any breaches of these standards. The Board has adopted a "Code of Ethics", a copy of which is available in the Investor Centre section of the Company's website.

The Board is the overall and final body responsible for all decision making within the Company, with the core objective of representing and promoting the interests of shareholders by adding long-term value to the Company.

The Company has a Share Trading Policy for the approval of all share purchases and sales by staff, including Directors. A copy of this policy is available in the Investor Centre section of the Company's website.

The Company undertakes appropriate checks of prospective Directors prior to putting forward a candidate for election and provides material information in its possession relevant to such a decision to security holders.

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

BOARD CHARTER

This describes the Board's role and responsibilities and regulates internal Board procedures; a copy of this document is available in the Investor Centre section on the Company's website.

The Board directs, and supervises the management of the business affairs of the Company including, in particular:

- ensuring that the Company's goals are clearly established, and that strategies and resources are in place for achieving them;
- ensuring that there is an ongoing review of performance against the Company's strategic objectives;
- approving transactions relating to acquisitions and divestments and capital expenditure above delegated authority limits;
- ensuring that there is an ongoing assessment of business risks and that there are appropriate control and accountability systems in place to manage them;
- monitoring the performance of management and overseeing company-wide remuneration, employment and health and safety practices;
- appointing the Chief Executive Officer, setting the terms of their employment and, where necessary, terminating their employment;
- approving and monitoring the Company's financial and other reporting and ensuring the Company's financial statements represent a true and fair view; and
- setting the dividend policy.

CORPORATE GOVERNANCE

NOMINATION AND APPOINTMENT

The procedures for the appointment and removal of Directors are ultimately governed by the Company's Constitution. The Board has established a People and Culture Committee whose role is to, amongst other things, identify and recommend to the Board individuals for nomination as members of the Board and its Committees, taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other Directors.

COMPOSITION OF BOARD

As at 30 September 2022 the Board comprised six Directors, as follows:

- Andy Green (Non-executive Chair) – appointed 2 November 2020
- Stewart Sherriff (Non-executive Director) – appointed 5 October 2020
- Gary Miles (Managing Director) – appointed 1 October 2020
- Fiona Oliver (Non-executive Director) – appointed February 2019
- Darc Rasmussen (Non-executive Director) – appointed December 2019
- Nick Luckock (Non-executive Director) – appointed February 2018.

Profiles of each current Director are available in the Investor Centre section on the Company's website. The Company has written agreements with each board member establishing the terms of their appointment.

DELEGATION

To enhance efficiency, the Board has delegated some of its powers to Board Committees and other powers to the Chief Executive Officer. The terms of the delegation by the Board to the Chief Executive Officer are documented in the Board Charter and more clearly set out in the Company's Delegated Authority Framework. This framework also establishes the authority levels for decision-making within the Company's management team.

DIRECTOR INDEPENDENCE

The Board Charter requires that at least 50% of Directors be "independent".

The Board takes into account the guidance provided under the NZX Listing Rules in determining the independence of Directors.

The Board will review any determination it makes as to a Director's independence on becoming aware of any information that may have an impact on the independence of the Director. For this purpose, Directors are required to ensure that they immediately advise the Board of any relevant new or changed relationships to enable the Board to consider and determine the materiality of the relationships.

The Board considers that Andy Green, Stewart Sherriff, Fiona Oliver, Darc Rasmussen and Nick Luckock are Independent Directors.

SELECTION AND ROLE OF CHAIR

The Chair of the Board is elected by the non-executive Directors. The Board supports the separation of the role of Chair and Chief Executive Officer. The Chair's role is to manage the Board effectively, to provide leadership to the Board, and to facilitate the Board's interface with the Chief Executive Officer.

Andy Green was appointed by the Board as Chair on 2 November 2020. As noted above, Andy Green is an Independent Director. Andy brings transformation and technology leadership to the role of the Company Chair. In 2020 he was awarded Commander of the British Empire (CBE) for his contributions to the Information Technology and British Space Industries. His passion to transform the industry to support sustainable water and energy resources is further demonstrated by his roles as the Chair of WaterAid UK and as a UK National Infrastructure Commissioner. Andy spends his time in both Australia and the UK which contributes both a local presence and global perspective to the Company's customers and shareholders.

CORPORATE GOVERNANCE

DIVERSITY AND INCLUSION POLICY

The Company recognises the importance of diversity and inclusion and is committed to promoting these values within its workplace and culture. The Board supports this initiative and has approved a Diversity and Inclusion Policy, a copy of which is available in the Investor Centre on the Company's website.

Diversity and Inclusion Committees have been established in the Company in all locations.

The Group has flexible and hybrid working arrangements as well as enhanced parental leave policies and forums globally and locally focused on diversity, inclusion and belonging.

At 30 September 2022, the gender breakdown for the Company (and its wholly owned subsidiaries) was as follows:

	BOARD	SENIOR EXECUTIVES	ALL EMPLOYEES
FY22			
Female	1	2	160
Male	5	8	423
Non Binary			1
% Female	17%	20%	27%
FY20			
Female	1	2	137
Male	5	7	353
% Female	17%	22%	28%

These figures include permanent full-time, permanent part-time and fixed-term employees, but not independent contractors or consultants. A Senior Executive is defined as an employee who reports directly to the Chief Executive Officer. The Company recruits for predominantly technology roles.

DIRECTOR EDUCATION

All Directors are responsible for ensuring they remain current in understanding their duties as Directors. Directors are provided access to the Company's on-line knowledge hub.

RETIREMENT AND RE-ELECTION

The Board acknowledges and observes the relevant Director rotation/retirement rules under the NZX Listing Rules.

DIRECTORS' SHARE OWNERSHIP

The table of Directors' shareholdings is included in the Disclosures section of this Annual Report.

INDEMNITIES AND INSURANCE

Deeds of Indemnity have been granted by the Company in favour of the Directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as Directors.

The Directors' and Officers' Liability insurance covers risks normally covered by such policies arising out of acts or omissions of Directors and employees in their capacity as such.

CORPORATE GOVERNANCE

BOARD MEETINGS

The Board has a standard schedule which includes a minimum of six meetings per annum. In addition other board meetings are held as needed to deal with specific matters such as acquisition related activity. In the year ended 30 September 2022 there were twelve Board meetings in total. There were also separate meetings of the Board Committees. Directors receive detailed information in Board papers to facilitate decision making. At each meeting the Board considers key financial and operational information as well as matters of strategic importance.

Executives regularly attend Board meetings and are also available to be contacted by Directors between meetings.

Directors who are not members of the Committees are invited to attend all meetings of the Committees.

	BOARD		AUDIT AND RISK COMMITTEE		PEOPLE AND CULTURE COMMITTEE	
DIRECTOR	NO. OF MEETINGS	NO. ATTENDED	NO. OF MEETINGS	NO. ATTENDED	NO. OF MEETINGS	NO. ATTENDED
Andy Green	12	12	5	5	6	6
Fiona Oliver	12	12	5	5	6	6
Darc Rasmussen	12	12	5	5	-	5
Stewart Sherriff	12	12	-	-	6	5
Nick Luckock ¹	12	12	-	-	1	1
Gary Miles	12	12	-	-	-	3

¹ Nick Luckock joined the People and Culture Committee on 28 September 2022.

Attendance at Committee meetings of Directors who are not Committee members is included in the table above.

Membership of the Board Committees is set out below.

The Board has a broad range of IT, financial, sales, business, risk management and other skills and expertise necessary to meet its objectives.

BOARD ACCESS TO INFORMATION AND ADVICE

The Company Secretary is responsible for supporting the effectiveness of the Board by ensuring that policies and procedures are followed and co-ordinating the completion and dispatch of the Board agendas and papers.

All Directors have access to the senior management team to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other areas as they consider appropriate. Further, Directors have unrestricted access to Group records and information.

The Board, the Board Committees and each Director have the right, subject to the approval of the Chair, to seek independent professional advice at the Company's expense to assist them to carry out their responsibilities. Further, the Board and Board Committees have the authority to secure the attendance at meetings of outsiders with relevant experience and expertise.

CONFLICTS OF INTEREST

The Board Charter outlines the Board's policy on conflicts of interest. Where conflicts of interest do exist, Directors excuse themselves from discussions and do not exercise their right to vote in respect of such matters.

PERFORMANCE REVIEW

The last formal review of the Board's performance was undertaken in September 2021. As there has been no change in the composition of the Board the next formal review is scheduled for the first quarter of 2023.

CORPORATE GOVERNANCE

PRINCIPLE 3 – BOARD COMMITTEES

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

BOARD COMMITTEES

The Board has established two Committees: the Audit and Risk Committee, and the People and Culture Committee (renamed from the People, Nominations and Remuneration Committee). The Charters of each Committee are in the Investor Centre section of the Company's website.

The membership of each Committee at 30 September 2022 was:

1. Audit and Risk Committee – Fiona Oliver (Chair), Andy Green (ex-officio), Darc Rasmussen
2. People and Culture Committee – Fiona Oliver (Chair), Andy Green (ex-officio), Stewart Sherriff, Nick Luckock.

All of the members of the above committees are independent directors. Management and other employees attend committee meetings at the invitation of the respective committee.

For further details on the functions of the Audit and Risk Committee please refer to "Principle 7". For further details on the functions of the People and Culture Committee please refer to "Principle 2" and "Principle 5".

The Board finalised a Takeover Response Protocol in 2018. The Protocol outlines the procedures in the event the Company is subject to a takeover offer.

PRINCIPLE 4 – REPORTING & DISCLOSURE

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

The Company is committed to maintaining a fully informed market through effective communication with the NZX and ASX, the Company's shareholders, analysts, media and other interested parties. The Company provides all stakeholders with equal and timely access to material information that is accurate, balanced, meaningful and consistent.

The Board has adopted a Market Disclosure Policy and a Shareholder Communications Policy, copies of which are available in the Investor Centre section on the Company's website. The Policies have been communicated internally to ensure that they are strictly adhered to by the Board and the Company's employees. The Company has been listed on the NZX Main Board and the ASX since 25 June 2014 and has at all times complied with its continuous disclosure obligations.

Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

The "Code of Ethics", Board Committee Charters and other key governance documents are available in the Investor Centre section of the Company's website.

The Company does not currently provide additional non-financial reporting on environmental, social and governance factors other than as set out in this statement.

PRINCIPLE 5 – REMUNERATION

The remuneration of Directors and executives should be transparent, fair and reasonable.

The Board has a People and Culture Committee. One of that Committee's principal functions is to oversee the remuneration strategies and policies of the Company. The People and Culture Committee is governed by a formal charter, a copy of which is available in the Investor Centre section on the Company's website.

DIRECTOR REMUNERATION

The Company distinguishes the structure of non-executive Directors' remuneration from that of executive Directors. Total Directors' fees are currently set at a maximum of \$800,000 per annum for the non-executive Directors. The actual amount of fees paid in the past year was \$622,500.

CORPORATE GOVERNANCE

CEO REMUNERATION

Gary Miles' salary is structured as follows:

Fixed Base Salary

For FY2022 Gary has a Fixed Base Salary of UK£403,000 per annum, exclusive of pension contributions of 4% of base salary and reviewable at the Board's discretion annually after the release of the full year results.

Annual Incentive Plan

On target performance is eligible for an annual incentive payment of 100% of the fixed base salary. The actual annual incentive payment (if any) is determined at the discretion of the Board after assessing the performance of the Company and the performance of the CEO against performance targets and priorities agreed annually. For FY2022, those performance targets were based on a score card of measures incorporating financial performance against budget; employee engagement and attrition; customer satisfaction and technology advancement. His short-term incentive payment for FY22 was £417,510.

Long Term Incentive

The CEO's remuneration package includes the issue of performance rights that were approved at the Annual Meeting in February 2021:

- an initial grant of 500,000 performance rights of which half vested immediately on the start of Gary's employment and the other half of which vested on 1 October 2021. The vesting of this initial grant of performance rights was not subject to vesting conditions or performance hurdles.
- an annual grant of performance rights commencing in October 2020 that is calculated and vests in accordance with the following:
 - number of performance rights = Z/Y
 - "Z" = Gary's annual base pay, including pension contribution, converted into NZD and multiplied by 120%; and
 - "Y" = the volume weighted average price of Gentrack's shares over the 10 day trading period ending on the last trading day immediately prior to the annual grant
- The first annual grant of performance rights vested on 1st October 2021 in accordance with the agreed criteria
- Subsequent annual performance rights vest one third each year over three years with half of rights eligible to vest each year subject to Gentrack Group achieving certain performance hurdles and the other half of rights eligible to vest doing so without reference to performance hurdles. The performance hurdles are based on the compound annual growth rate of Gentrack's earnings per share as follows:
 - below 7%, no performance rights subject to performance hurdles will vest;
 - equal to 7%, 50% of performance rights subject to performance hurdles will vest;
 - equal to or above 12%, all performance rights subject to performance hurdles will vest; and
 - between 7% and 12% performance rights will vest on a straight line basis between 50% and 100%;
- Some of the 2022 performance rights vested in accordance with the vesting criteria. The remaining 50% of the performance rights subject to performance hurdles did not vest.

The Remuneration Policy Statement is available in the Investor Centre section of the Company's website.

CORPORATE GOVERNANCE

PRINCIPLE 6 – RISK MANAGEMENT

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

The Board has an Audit and Risk Committee that reports to the Board – please see “Principle 7” below for further detail in relation to the Audit and Risk Committee.

The Company’s senior management maintain a Risk Register, which is reviewed by the Audit and Risk Committee and forms a key part of the risk management framework.

To support its commitment to Information Security Management, the Company is ISO/EC 27001:2013 certified. This is an international standard which helps organisations manage and control information security risks. The Company also maintains a Services Organisation Control “SOC2” Type I Report in respect of the security and availability controls over applicable Gentrack Cloud services which is then assessed by an independent third-party auditor.

The Company does not have an internal audit function, but through the steps outlined above the Board ensures the company is reviewing, evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company considers that it has a low exposure to economic risks, because the sectors we serve are essential services that do not react significantly to economic cycles, and it considers that it does not have any material exposure to environmental and social sustainability risks. The Board receives regular updates on health and safety and information security.

PRINCIPLE 7 – AUDITORS

The Board should ensure the quality and independence of the external audit process.

The Board is committed to a transparent system for auditing and reporting of the Company’s financial performance. The Board established an Audit and Risk Committee, which performs a central role in achieving this goal. The members of the Committee provide a balance of independence, sector experience and relevant professional experience and qualifications.

The Audit and Risk Committee’s principal functions are:

- to assist the Board in fulfilling its responsibilities for the Company’s financial statements and external financial reporting;
- to assist the Board in ensuring that the ability and independence of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;
- to assist the Board in ensuring appropriate accounting policies and internal controls are established and maintained; and
- to assist the Board in ensuring the efficient and effective management of all business risks.

One of the main purposes of the Audit and Risk Committee is to ensure the quality and independence of the audit process. The Chairman of the Audit and Risk Committee and Chief Financial Officer work with the external auditors to plan the audit approach. All aspects of the audit are reported back to the Audit and Risk Committee and the auditors are given the opportunity at Audit and Risk Committee meetings to meet with the Board.

The Audit and Risk Committee has adopted a formal Charter, a copy of which is available in the Investor Centre section on the Company’s website.

The Audit and Risk Committee meets regularly to identify risks and determine how to mitigate these. The Company uses external contractors as required for specific audit reviews.

The Company’s external auditors will attend the annual meeting, and are available to answer questions relating to the conduct of the external audit and the preparation and content of the auditor’s report.

The Company does not have an internal audit function. Where required, such audit activity is conducted by third parties, not by the Company’s external auditors.

CORPORATE GOVERNANCE

PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

The company currently keeps shareholders informed through:

- the annual report;
- the half-year update;
- the annual meeting of shareholders;
- disclosure to the NZX and ASX in accordance with the Company's Shareholder Communications Policy and Market Disclosure Policy; and
- the Investor Centre section on the Company's website.

The Company's Shareholder Communications Policy and Market Disclosure Policy are designed to ensure that communications with shareholders and all other stakeholders are managed efficiently. The Chair, Chief Executive Officer and Chief Financial Officer are the points of contact for shareholders and analysts.

The Board considers the annual report to be an essential opportunity for communicating with shareholders. The company publishes its results and reports electronically on the Company Website. Investors may also request a hard copy of the annual report by contacting the Company's share registrar, Link Market Services Limited. Contact details for the registrar appear at the end of this report.

The Company considers the annual meeting to be a valuable element of its communications programme. The Chair will provide an opportunity for shareholders to raise questions for their Board. The Chair may ask the Chief Executive Officer and any relevant manager of the Company to assist in answering questions if required. As noted earlier, the Company's external auditors will also attend the annual meeting, and are available to answer questions relating to the conduct of the external audit and the preparation and content of the auditor's report.

ENTRIES RECORDED IN THE INTERESTS REGISTER

The Company maintains an Interest Register in accordance with the Companies Act 1993. The following entries were made in the Interests Register for the period 1 October 2021 to 30 September 2022 and require disclosure:

- Fiona Oliver advised that she had been appointed as a board member of New Zealand Water Polo commencing March 26 2022 and Marlin Global Limited, Barramundi Limited and Kingfish Limited from 1 June 2022
- Stewart Sherriff advised that he has resigned as a director of Two Degrees Group Limited and all of its subsidiaries with effect from 20 May 2022
- Fiona Oliver advised that she had resigned as a director of BNZ Life Insurance Limited, BNZ Insurance Services Limited and National Wealth Management Holdings Limited with effect from 30 September 2022.

SHAREHOLDINGS OF DIRECTORS AT 30 SEPTEMBER 2022

	TYPE OF HOLDING	2022 RELEVANT INTEREST IN SHARES HELD	2021 RELEVANT INTEREST IN SHARES HELD
Gary Miles	Direct	797,657	250,000
Andy Green	Beneficial Interest	46,026	28,389
Darc Rasmussen	Beneficial Interest	2,000	2,000

CORPORATE GOVERNANCE

REMUNERATION OF DIRECTORS

Details of the total remuneration of, and the value of other benefits received by, each Director of Gentrack Group Limited during the financial year ended 30 September 2022 are as follows:

	2022	2021
Andy Green	300,000	263,400
Fiona Oliver	110,000	115,000
Nick Luckock	42,500	49,500
Stewart Sherriff	85,000	84,000
Darc Rasmussen	85,000	85,000
TOTAL	622,500	596,900

Gary Miles remuneration is disclosed under Principle 5 above.

Andy Green and Stewart Sheriff joined the Board during FY2021, and so their FY2021 remuneration above is for a part year.

In FY2021 Gentrack paid the \$49,500 disclosed for Nick Luckock to Hg Capital (where Nick was a partner), which was a substantial shareholder of the Company until June 2021, for his services as a non-executive Director of Gentrack. Nick left Hg Capital in March 2022, and from 1st April 2022 now receives remuneration of \$85,000 p.a. (so \$42,500 in FY2022). Neither Nick, nor Hg Capital received remuneration for his services as a Director during the first half of FY2022.

CORPORATE GOVERNANCE

EMPLOYEE REMUNERATION

The number of current employees of the parent and subsidiaries receiving remuneration and benefits above \$100,000 in the year ended 30 September 2022 are set out in the table below:

REMUNERATION	NUMBER OF EMPLOYEES
\$100,000 - \$110,000	31
\$110,001 - \$120,000	37
\$120,001 - \$130,000	22
\$130,001 - \$140,000	28
\$140,001 - \$150,000	27
\$150,001 - \$160,000	22
\$160,001 - \$170,000	19
\$170,001 - \$180,000	15
\$180,001 - \$190,000	6
\$190,001 - \$200,000	8
\$200,001 - \$210,000	8
\$210,001 - \$220,000	6
\$220,001 - \$230,000	3
\$230,001 - \$240,000	5
\$240,001 - \$250,000	1
\$250,001 - \$260,000	2
\$260,001 - \$270,000	1
\$270,001 - \$280,000	2
\$280,001 - \$290,000	1
\$290,001 - \$300,000	1
\$300,001 - \$310,000	2
\$320,001 - \$330,000	1
\$350,001 - \$360,000	1
\$380,001 - \$390,000	2
\$390,001 - \$400,000	1
\$400,001 - \$410,000	1
\$410,001 - \$420,000	1
\$440,001 - \$450,000	1
\$510,001 - \$520,000	1
\$3,500,001 - \$3,510,000	1

The analysis above includes the remuneration and benefits paid to employees, in the relevant bandings, where their annual remuneration and benefits exceed \$100,000.

CORPORATE GOVERNANCE

ANALYSIS OF SHAREHOLDING

The analysis of shareholding by size of holding as at 18 November 2022 is:

SIZE OF HOLDING	NUMBER OF HOLDERS	FULLY PAID ORDINARY SHARES NUMBER OF SHARES	% OF ISSUED CAPITAL
1 - 1,000	1,321	644,108	0.64
1,001 - 5,000	1,405	3,619,009	3.58
5,001 - 10,000	421	3,128,861	3.10
10,001 - 50,000	310	6,336,231	6.27
50,001 - 100,000	55	4,023,938	3.98
Greater than 100,000	44	83,303,868	82.43
TOTAL	3,556	101,055,997	100

CORPORATE GOVERNANCE

TWENTY LARGEST SHAREHOLDERS

The twenty largest shareholders of fully paid ordinary shares as at 18 November 2022 were:

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
National Nominees New Zealand Limited ¹	24,955,085	24.69
National Nominees Limited	10,689,142	10.58
BNP Paribas Nominees NZ Limited ¹	10,332,569	10.22
J P Morgan Nominees Australia Pty Limited	6,805,080	6.73
Anacacia Pty Ltd	6,727,010	6.66
Qexle Limited	2,690,000	2.66
Custodial Services Limited	2,410,434	2.39
HSBC Custody Nominees (Australia) Limited	2,282,243	2.26
Mirrabooka Investments Limited	2,205,000	2.18
BNP Paribas Nominees Pty Ltd	1,567,564	1.55
Terence De Montalt Maude & Wendy Fay Wood	1,300,000	1.29
New Zealand Depository Nominee	1,120,597	1.11
Gracey Family Investments Pty Ltd	1,084,500	1.07
Gary Miles	887,468	0.88
Citicorp Nominees Pty Limited	809,111	0.80
Melissa Gaik Teng Hong	583,189	0.58
Citibank Nominees (Nz) Ltd ¹	558,546	0.55
Shireburn Company Limited	462,466	0.46
HSBC Nominees (New Zealand)	394,434	0.39
Nigel Allan Dickins & Sharon B & other	360,000	0.36
TOTAL	78,224,438	77.41

¹ These shareholdings are held through New Zealand Central Securities Depository Limited (NZCSD) which allows electronic trading of securities to members.

The percentage shareholding of the 20 largest shareholders of Gentrack Group Limited fully paid ordinary shares was 77.41%.

CORPORATE GOVERNANCE

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2022

According to notices given under the Financial Markets Conduct Act 2013 the following persons were Substantial Shareholders in Gentrack Group Limited at 30 September 2022 in respect of the number of voting securities set opposite their names.

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
National Nominees Ltd ACF Australian Ethical Investment Limited	14,882,230	14.81
Milford Asset Management Limited	12,055,557	12.00
Swann Hill BV	9,533,201	9.49
NAOS Asset Management Limited	9,519,126	9.47
Anacacia Pty Ltd (As Trustee for the Wattle Fund)	6,727,010	6.69
TOTAL	52,717,124	52.77

The total number of issued voting shares of Gentrack Group Limited at 30 September 2022 was 100,479,761. Voting at a meeting of the shareholders is via a poll. At the meeting, every shareholder present in person, or by representative has one vote for each fully paid ordinary share in the Company.

At 30 September 2022, there were 318 shareholders holding marketable parcels of less than \$500.

CORPORATE GOVERNANCE

SUBSIDIARY COMPANY DIRECTORS

The following people held office as Directors of subsidiary companies at 30 September 2022:

Gentrack Limited	John Priggen, Allan Sampson
Veovo Group Limited	John Priggen, James Williamson, Gary Miles, Hayden Davies
Gentrack Group Australia Pty Limited	John Priggen, Mark Humphreys
Gentrack Pty Limited	John Priggen, Mark Humphreys
Gentrack UK Limited	John Priggen, Geoffrey Childs
Gentrack Holdings UK Limited	John Priggen, Geoffrey Childs
Junifer Systems Limited (not trading)	John Priggen
Gentrack (Singapore) Pte Ltd	John Priggen, Allan Sampson, K Kalaa Araasi Pillai
Gentrack Software Private Ltd	John Priggen, Amol Ganpati Mainkar (TMF), Anugraha Mundra (TMF)
Veovo Holdings Denmark	James Williamson, Gary Miles
Veovo AS	James Williamson, Peter Christian Knudsen
CA Plus Limited	James Williamson
Evolve Analytics Limited (not trading)	John Priggen
Evolve Parent Limited (not trading)	John Priggen
Veovo Inc	John Priggen, James Williamson
Veovo NZ Limited (trading from 1 October 2020)	John Priggen, James Williamson, Hayden Davies
Veovo UK Limited (trading from 1 October 2020)	John Priggen, James Williamson
Veovo IP Limited (trading from 1 October 2020)	John Priggen, James Williamson, Hayden Davies

The following former Directors of the Company's subsidiaries ceased to hold office during the year: 2022 - Alastair James Spence, Derek Dyamond.

Directors of the Company's subsidiaries do not receive any remuneration or other benefits in respect of their appointments.

CORPORATE GOVERNANCE

DONATIONS

The Company made donations of \$27,132 during the year ended 30 September 2022.

CREDIT RATING

The Company has no credit rating.

FOREIGN EXEMPT LISTING

ASX approved a change in the Company's ASX admission category from an ASX Listing to an ASX Foreign Exempt Listing, effective from the commencement of trading on 30 March 2016.

The Company continues to have a full listing on the NZX Main Board, and the Company's shares are still listed on the ASX. The Company is primarily regulated by the NZX, complies with the NZX Listing Rules, and is exempt from complying with most of the ASX Listing Rules (based on the principle of substituted compliance).

WAIVERS

NZX RegCo granted Gentrack Group Limited a waiver from the requirement for the Company to include an appraisal report with its 2021 Notice of Meeting in respect of the resolution relating to the issue of performance rights to its Managing Director under Listing Rule 7.8.5. The terms of the waiver can be found on the Company's announcement page on the NZX website (<https://www.nzx.com/companies/GTK/announcements>)

ANNUAL MEETING

Gentrack Group Limited's Annual Meeting of Shareholders will be held on 23 February 2023. A notice of Annual Meeting and Proxy Form will be circulated to shareholders in January 2022.

CORPORATE DIRECTORY

REGISTERED OFFICE

Gentrack Group Limited

17 Hargreaves Street, St Marys Bay, Auckland 1011,
New Zealand
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NEW ZEALAND INCORPORATION NUMBER

3768390

AUSTRALIAN REGISTERED BODY NUMBER (ARBN)

169 195 751

DIRECTORS

Andy Green, Chair
Fiona Oliver
Nick Luckock
Stewart Sherriff
Darc Rasmussen
Gary Miles

COMPANY SECRETARY

Kerry Nickels

AUDITOR

Ernst & Young

2 Takutai Square
Auckland CBD
Auckland 1010

LEGAL ADVISERS

Bell Gully

BANKERS

ASB BANK LIMITED
BANK OF NEW ZEALAND
HSBC PLC NORDEA DENMARK A/S
BANK OF VALLETTA PLC
TRUIST FINANCIAL CORPORATION

SHARE REGISTRAR

NEW ZEALAND

LINK MARKET SERVICES LIMITED

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About Gentrack

Utilities companies are at the sharp end of a volatile market, operating businesses in unprecedented change, while also trying to create a more sustainable tomorrow. For over 30 years Gentrack has been partnering with the world's leading utilities. More than 50 energy and water companies rely on Gentrack. Our g2.0 solution combines this wealth of experience with Salesforce's unbeatable CRM, Gentrack's leading meter-to-cash platform and a composable architecture on AWS. g2.0 ensures high performance, security, scalability, and rapid prototyping for innovation at pace.

When it comes to transformations, you can count on us.



www.gentrack.com

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