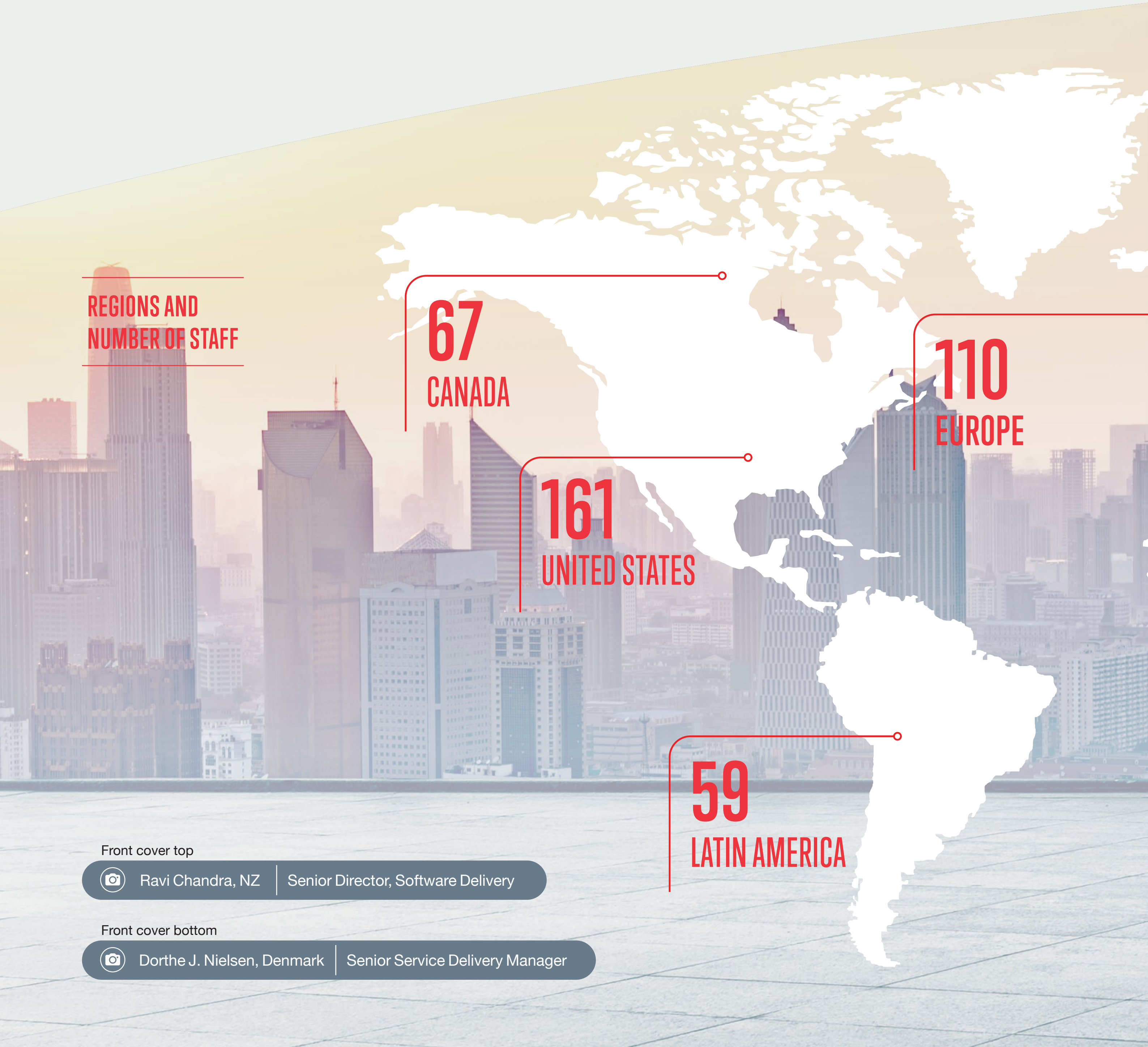
BUILDING ON OUR STRENGTHS

HANSEN | Annual Report 2023

CONTENTS



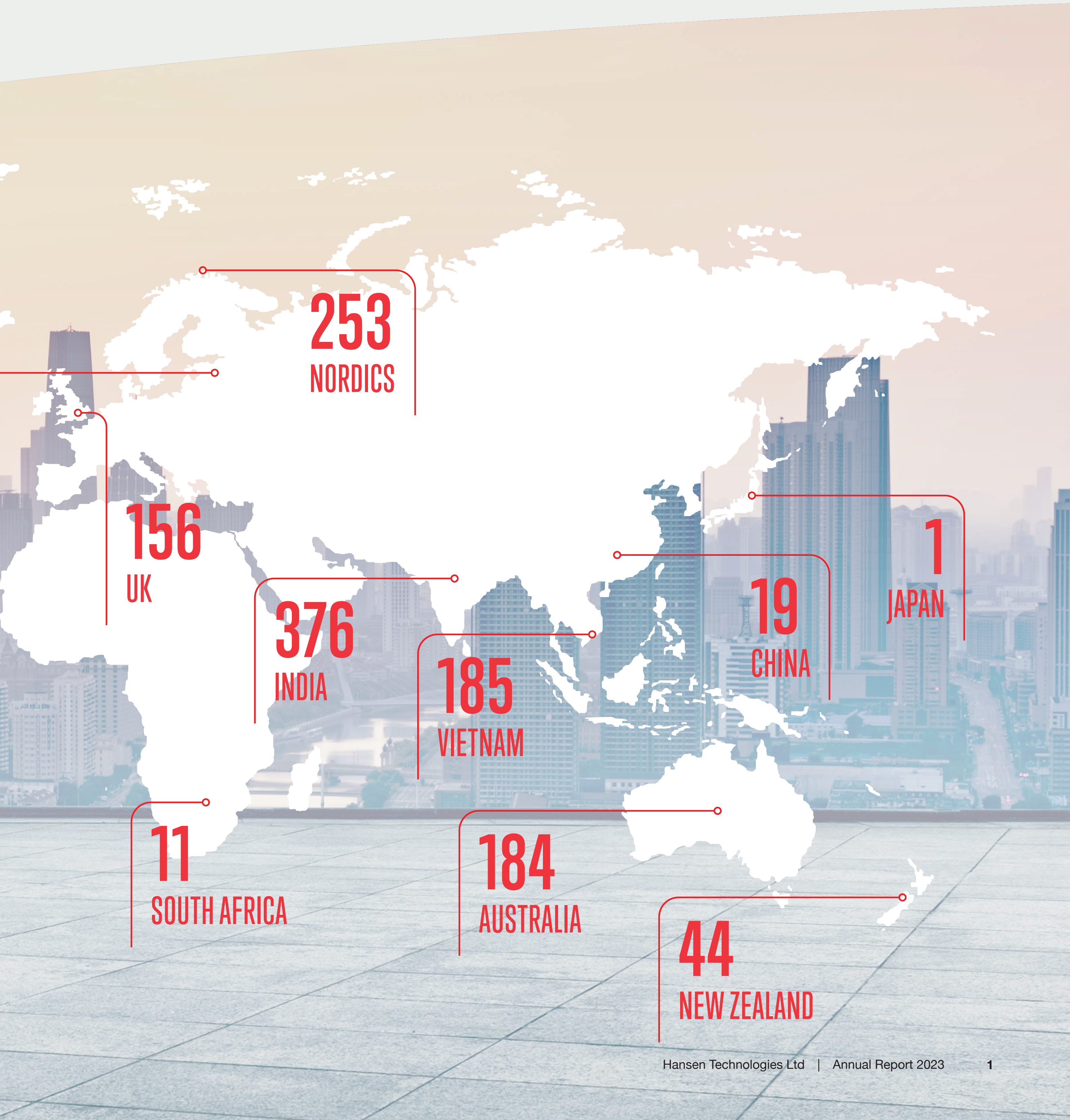
Front cover top

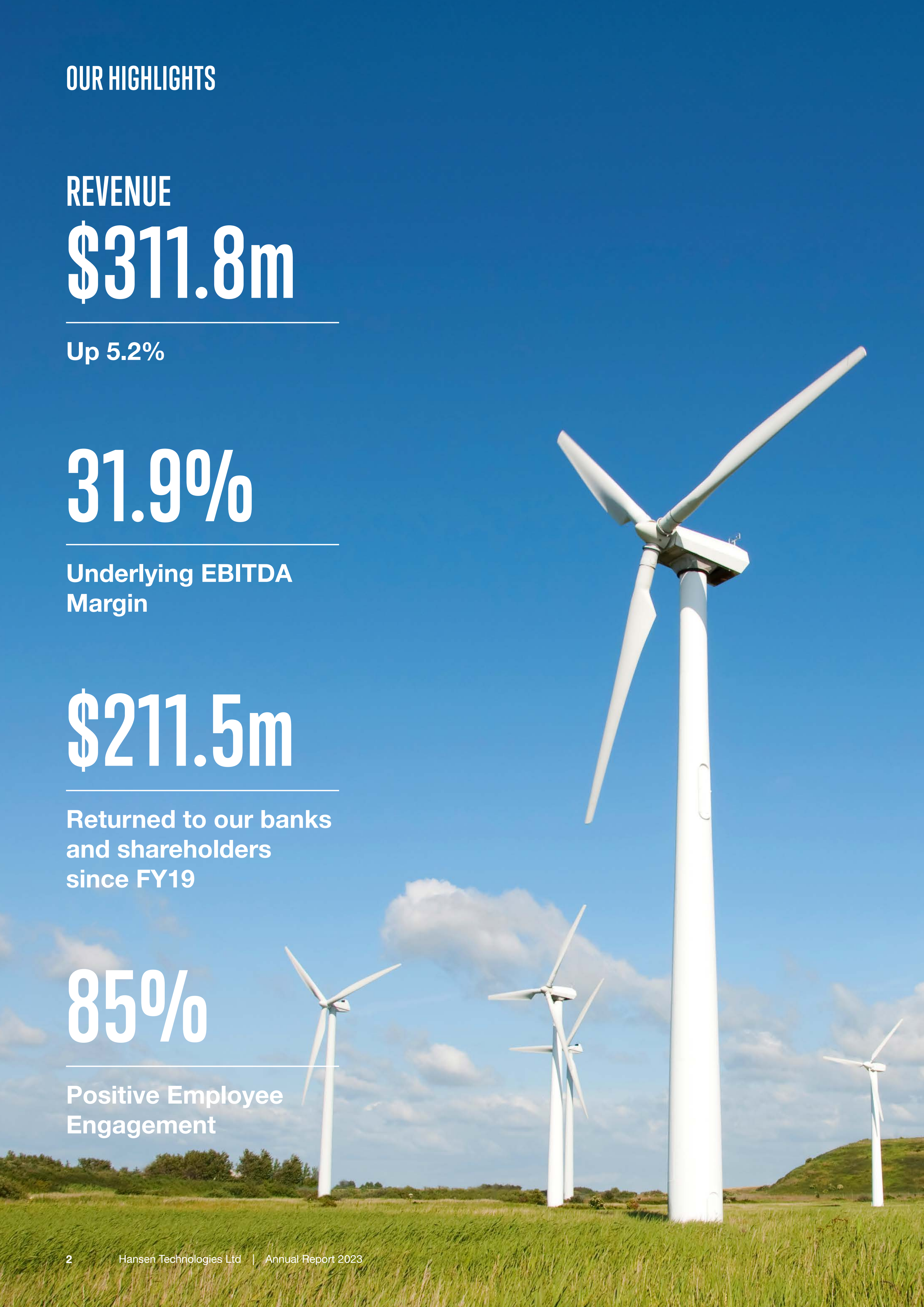
Ravi Chandra, NZ | Senior Director, Software Delivery

Front cover bottom

Dorthe J. Nielsen, Denmark | Senior Service Delivery Manager

At Hansen, we relentlessly push boundaries, keeping our products and offerings agile, innovative, and laser-focused on our customers' needs and the ever-evolving sectors they thrive in.





OUR HIGHLIGHTS

REVENUE

$311.8m

Up 5.2%

31.9%

Underlying EBITDA Margin

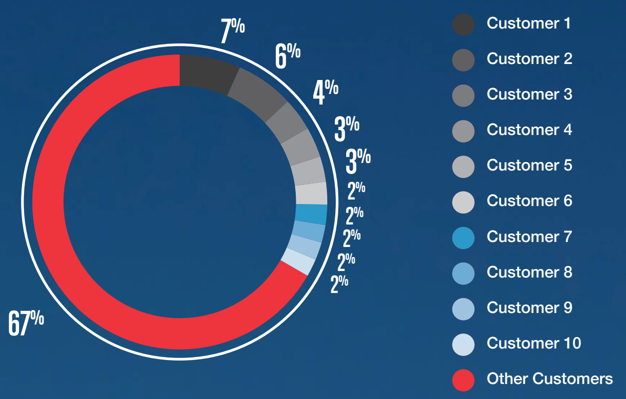
$211.5m

Returned to our banks and shareholders since FY19

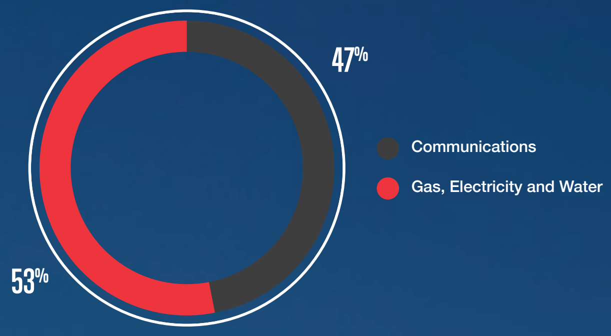
85%

Positive Employee Engagement

CUSTOMER DIVERSITY
(FY23 REV)



FY23 REVENUE



Our revenue is 95% recurring and predicable and is well diversified by region, vertical and customer

WHAT WE DO

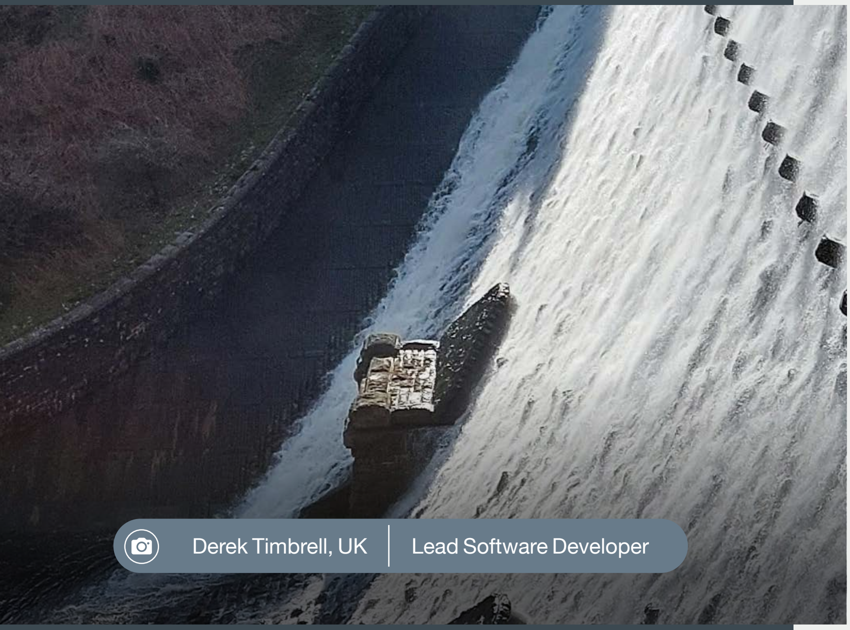
At the highest level, Hansen helps customers in the energy and communications sectors deliver seamless customer experiences as they navigate states of disruption and transition. We do this by creating and delivering industry-specific software combined with deep subject matter expertise that helps guide our customers through their own market challenges.

The Hansen Mission

Our Mission is to provide industry-specific software products and expertise that enables our customers to easily capitalise on the commercial opportunities of the evolving energy, utilities, and communications markets.

We make this possible by providing highly reliable, mission-critical software and specific industry expertise to help our customers more easily innovate and sell new services and market offerings, comply with changing market regulation, and power new business models in areas such as emerging sustainable energy supply, IoT, and new next-generation connected services.

We aim to achieve this through long-term collaboration with our customers and partners and through a global workforce of skilled professionals that embrace challenges and are committed to positive outcomes for our company, employees, and the planet.



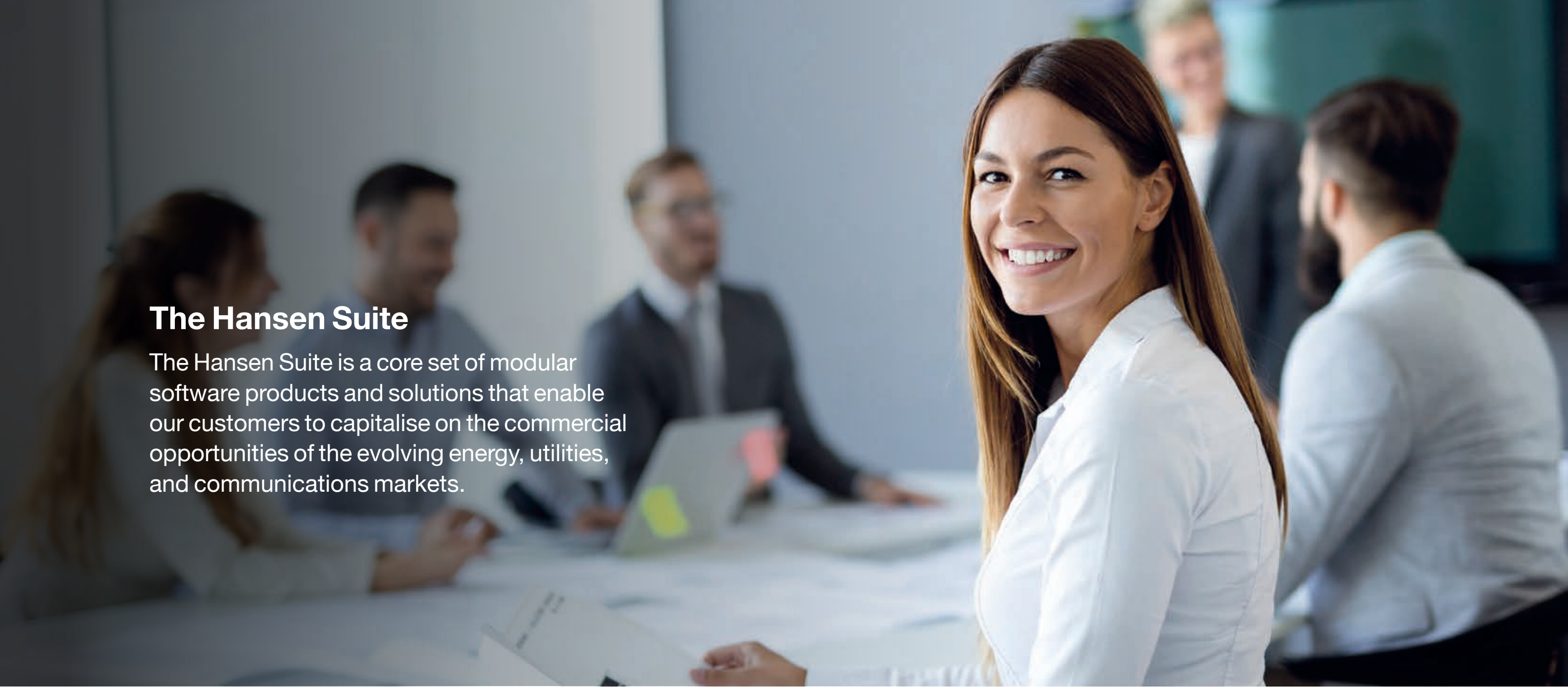
Derek Timbrell, UK | Lead Software Developer

At Hansen, we are part of the ecosystem that helps deliver the foundation of our societies. The work we do underpins the organisations that provide the essential services of electricity, gas, water, and communications. Although our customers, the providers of these essential services, are themselves in a transforming world where they can't sit still, it is vitally important that their core business remains incredibly reliable, robust, and cost-effective.

While some of our solutions underpin the critical bridge to the future, a considerable part of the Hansen value is to provide the rock-solid foundation that our customers rely on every day. For example, providing current services, charging, and billing for them, and engaging in the necessary customer interactions required to maintain their business and the critical services they deliver – all supported through the Hansen Suite of software and services, and the many Hansen employees that make this possible.

At the core of the Hansen Mission and value proposition is our ability to evolve our systems, together with our customers, to remain relevant continuously, and the bedrock of their operational infrastructure. We deliver on that promise through the following core pillars.

- Enabling customers to digitally transform their business to support a variety of new telecom, energy, and utilities-based services.
- Providing Modular, Cloud-Based Products for the Cloud-driven Evolution.
- Delivering Engaging, Omni-Channel Experiences.



The Hansen Suite

The Hansen Suite is a core set of modular software products and solutions that enable our customers to capitalise on the commercial opportunities of the evolving energy, utilities, and communications markets.

Hansen**Suite**

Communications, Technology & Media

Hansen**Catalog**™
Product/Service/Resource master data management

Hansen**Portfolio**™
Installed product, service and resource inventory management

Hansen**CPQ**™
Omni-channel quote and order capture

Hansen**Provision**™
Network service and device activation

Hansen**OM**™
Commercial and technical order über-orchestration and fulfillment management

Hansen**CCB**™
End-to-End customer care billing

Energy & Utilities

Hansen**CIS**™
Commercial off the shelf customer care and billing lifecycle management

Hansen**Catalog**™
Commercial product and technical service catalog and lifecycle management

Hansen**MDM**™
Metered AMI, calculations and disseminating event management

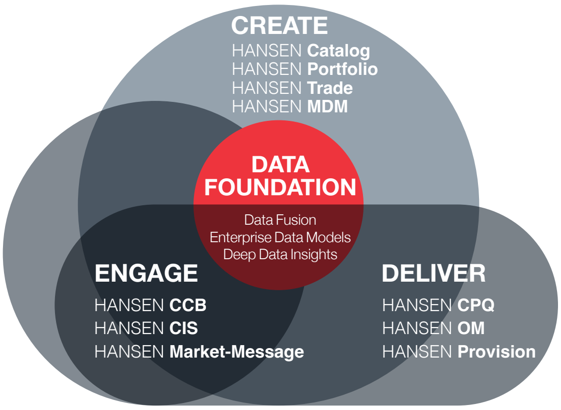
Hansen**CPQ**™
Cross-market omni-channel quote and order capture

Hansen**Trade**™
Automated energy trading, optimisation and risk management

Hansen**Market-Message**™
Market messaging and market transaction handling

Core Business Process Supported

Product innovation and lifecycle management



Rate-Bill-Care
Operational optimisation
Usage data analytics

Omni-Channel
Commerce Fulfillment

OUR MARKETS: THE INDUSTRIES WE SERVE

At Hansen we play a pivotal role for our customers. We are an essential ingredient in their commercial business model, providing the ability to create and deliver essential services.

THE COMMUNICATIONS & MEDIA SECTOR

A$147.1m REVENUE

Through FY23, the communications industry continued to experience a convergence of factors that is almost unprecedented. Digital transformation's complexity, the need for more agile infrastructure, the demand for more vertical-specific solutions, and a greater emphasis on the customer experience than ever before are among these elements.

Within the communications industry, 5G and Internet of Things (IoT) represents the next new frontier for Hansen's customers. Beyond basic enhancements in connectivity and performance, 5G represents relatively unchartered territory and will create opportunities for our customers to capitalise on new business models and resulting revenue streams.

Yet while many of our customers are paving the way for this next frontier, through FY23, our customers continued to choose Hansen to help them to navigate a myriad of sector-specific challenges and opportunities including:

1. Complex enterprise B2B ordering and fulfilment;
2. The sell and fulfilment of complex bundling, increasingly where third parties are involved; and
3. Supporting them in how to deliver an improved customer experience through more seamless engagement.

Hansen is also working with a range of customers to help reimagine their legacy infrastructure and become TMF compliant.

THE ENERGY & UTILITIES SECTOR

A$164.7m REVENUE

The energy and utilities sector continues to experience rapid transformation. Through FY23, the move to renewables and self-generated energy accelerated the changes that have been emerging to the traditional commercial model for service providers.

Hansen customers are no longer in the era of supplying just basic commodity services, and instead, they are providing new energy and communications services and related experiences.

There is also an increased convergence between Communications and Energy Industries. This convergence is driving the integration of communication technologies within the traditional energy infrastructure and in many respects is essential for optimising the generation, distribution, and consumption of energy. This has led to the emergence of new business models and revenue streams, with smart grid technologies and renewable energy sources the primary drivers. The benefits of this convergence include greater efficiency, reliability and sustainability in the production and distribution of energy.

At Hansen, through FY23 we continued to see regional differences in the energy sector play out; yet globally there remains a strong focus on turning to Hansen to navigate complex compliance requirements. In the Nordic region, our CIS, MDM and Trade modules continue to attract new logos and renewals and geographic expansion with existing customers; in the Americas, many of our current customers have recognised the benefits that come with the latest version of our CIS offering and have committed to and pursued upgrades; and in the APAC region strong renewals and expansions for both our CIS and MDM products continue, alongside projects to accommodate new market regulations.

CHAIRPERSON AND MANAGING DIRECTOR JOINT REPORT

David Trude
Chairman

Andrew Hansen
Managing Director

Net Debt Zero

70.8% of borrowings repaid since 2019

47.3%

FY23 NPAT returned to shareholders

We are pleased to present the annual report for Hansen Technologies Limited, for the fiscal year ended 30 June 2023 (FY23).

The 2023 financial year has been an outstanding year for Hansen delivering strong organic revenue growth and EBITDA margins above our market guidance and paying down debt to achieve an effective net debt zero position at the end of the year.

A result like this is testament to our people; they are critical in Hansen delivering on our mission to provide industry-specific software products and expertise that enable our customers to capitalise on the commercial opportunities of the evolving energy, utilities, and communications markets. Their hard work and dedication are reflected in what has been a stellar year of product development, innovation, and financial growth.

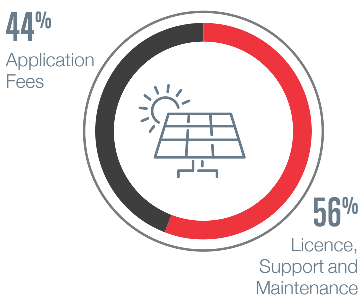
Leadership Changes

Up until June 2023, Andrew Hansen held the positions of both Chief Executive Officer and Managing Director. This meant his leadership and focus spanned both the operational leadership and the strategic direction of the company.

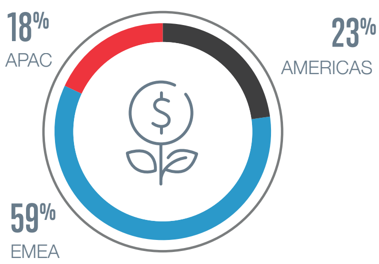
As a company of more than 1,600 people coupled with a rich and buoyant acquisition history, Hansen announced a long-planned decoupling of the roles and appointed long-term Hansen executive Graeme Taylor to the position of CEO with Andrew Hansen as Managing Director, focused on leading strategic growth including inorganic M&A.

Investment for Growth

With a more than 50-year history behind us, we continue to enjoy a strong track record in profitability, underpinned by a strong suite of products and a relentless focus on the mission-critical needs that our customers seek to address through our offerings. This is a well-diversified business across all the key markers of verticals, geography, and customers. During this fiscal year, the Hansen team has continued to invest for growth – to support both our customers as they improve and expand their systems, and to ensure our team and operations are primed for our next phase of growth.



~95% Recurring and Predictable Revenue



FY23 Revenue

Growth achieved across all regions

A $46.7m

FY23 Free Cash Flow

5.2%

Revenue Growth

FY23 saw Hansen invest a record amount in software development, with a focus on enhanced cloud offerings and security. Hansen's approach of consistently putting our customers at the centre of our thinking enables us to anticipate and power their journeys into the future.

Our investment in R&D has supported the retention and expansion of our customer base and has strengthened our suite of products. We have never been better positioned to continue our momentum of organic growth, and to supplement that growth with carefully selected acquisitions.

As we explore acquisition opportunities, we are predominantly targeting businesses within the communications and energy industries, with a focus on companies that are driving profitable innovation and growth. We see the most potential for growth in North America and Europe.

Our pipeline of potential acquisition opportunities is robust, with a mix of companies that have already been identified as potential targets, as well as those that we continue to evaluate.

When assessing a target our focus is on robust and mission critical companies:

- That have ownership of the IP.
- That provide opportunities for regional expansion or leverage.
- Have complementary applications.
- Or provide potential other verticals, while leveraging our core skills.

We are evaluating each opportunity with the same successful approach deployed for more than twenty years.

Hansen is also considering a third vertical that complements or leverages our existing capabilities Our investment strategy for a potential third vertical is to identify companies that are driving profitable innovation and growth, are mission critical to the companies they serve and are not easily replicated or replaced.

Any acquisition target in a new vertical must be supported by a strong pipeline of future acquisition opportunities in the same vertical to ensure we can continue to inorganically grow and develop the asset.

To support the increased demand for Hansen and our software, we have been actively recruiting and benefiting from the availability of high-quality candidates in the market.

Our investment in our people and our products has supported our outstanding cash-generative results. We continue to pay dividends to our shareholders and rapidly pay down debt. Hansen's very strong cash position provides significant headroom to fund future strategic acquisitions to accelerate the growth of an already strong business.

Reflecting our strong cash position, the Board has declared a partially franked final dividend of 5.0 cents per share (cps). This, combined with the interim FY23 5.0cps share dividend, represents a 47.3% payout ratio of our FY23 NPAT.

During FY23, Hansen undertook a robust review of its compensation models for Directors, Executives and Key Management Personnel (KMP). We have revised our FY24 compensation models to be consistent with models of similarly situated ASX-listed companies.

Our realigned LTI scheme will ensure that our goals and objectives remain consistent with our commitment to responsible cost management and sustainable growth, to drive further value for our shareholders.

Awards and Industry Recognition

During FY23, our products and our people continued to be recognised for the outstanding quality of work delivered by customers as well as industry analysts and associations. We are pleased to announce that in the past 12 months alone, Hansen has been included in no less than eight technology analyst reports or guides.

In acknowledgement of the innovation and applicability of our energy and utilities product suite, in January 2023, global analyst firm Frost & Sullivan recognised Hansen with the Product Leadership Award for Global Customer Care and Engagement in the Energy and Utilities Industry, as part of their Best Practices Awards program. Other notable recognitions during this preceding year include inclusions in two Market Guides from Gartner, one of the world's foremost analyst firms – one for the communications industry, and the other for the energy & utilities industry. These Gartner Market Guides are a definitive overview of the leading vendors specialising in a particular industry niche.

In October 2022, Hansen was awarded Outstanding Catalyst for Business Impact during the TM Forum Digital Transformation World, along with other Catalyst collaborators including Cognizant, Amazon Web Services (AWS) and Verizon. TM Forum's Catalyst program is a proof-of-concept showcase, comprising innovative projects developed and co-created collaboratively by TM Forum members, to address important industry challenges.

New Logo Wins and Upgrades

With the acceleration of change in our core markets of energy and communications, whether it's the transition to renewable energy sources, or rollout of 5G networks, we are seeing increased demand in our software and supporting services.

We recognise that we have a unique opportunity to increase our brand awareness and expand our sales capabilities in both existing and new markets. Through FY23 and into FY24, additional investment will be made in enhancing our sales and marketing efforts.

During FY23, we have secured several new logos and upgrades and renewals with existing customers.

In May 2023 Hansen signed a new five-year contract with BKW, an international energy company headquartered in Switzerland.

Hansen MDM (Meter Data Management) will be deployed via a Software as a Service (SaaS) model across BKW's meter network in Switzerland. This multi-year agreement follows Hansen's recent success in Switzerland, having extended our contract with existing customer Swissgrid, the national grid company of Switzerland, in May 2022.

The expansion of Hansen's footprint in the DACH region, which includes, Germany, Austria, and Switzerland, follows Hansen's expanding presence in the Nordic region.

In July 2022, we announced an expansion of our partnership with Energy Queensland Limited (EQL). The agreement builds on the existing long-term relationship between Hansen and EQL and is for an initial term of five years – with associated revenue of approximately AUD$45m.

ESG

Hansen is committed to continual improvement in our approach to managing our environmental footprint, social standing, and our governance framework (ESG).

In late FY23, we appointed a resource dedicated to championing our ESG efforts and established cross functional working group to facilitate and support our ESG approach. We have undertaken an assessment of our material ESG topics and defined a roadmap that will guide our efforts.

More details can be found in our Environmental, Social and Governance (ESG) Report on page 12.

Financials

The Group's financial performance this year has been outstanding, delivering strong organic revenue growth and a solid EBITDA Margin in a tough inflationary environment.

A$ Million	FY23	FY22	Variance (%)
Operating revenue	311.8	296.5	5.2%
Underlying EBITDA(1), (2), (4)	99.5	100.3	(0.8%)
NPAT	42.8	41.9	2.1%
Underlying NPAT(4)	41.5	42.2	(1.7%)
Underlying NPATA(1), (3), (4)	55.6	58.2	(4.5%)
Basic earnings per share (EPS) (cents)	21.1	20.9	1.0%
Basic EPS based on underlying NPATA (EPSa) (cents)(1)	27.5	29.0	(5.2%)

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

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

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

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

We are delighted to share that our operating revenue for FY23 of $311.8m exceeded our FY23 guidance.

This outstanding result is supported by our ~95% recurring and predictable revenue and a very low customer attrition rate of less than 2%, with no one customer making up more than 7% of our total global revenue. This diversity, and the industries we service, ensure that we remain resilient and create opportunities to leverage our global footprint.

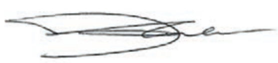
The underlying FY23 EBITDA margin was 31.9%. Underlying EBITDA has grown 12.1% since FY19 on a compound annual growth rate (CAGR) basis.

Hansen continues to demonstrate its stability as a consistently cash-generative organisation with FY23 free cash flow of $46.7m.

During FY23, Hansen further paid down an impressive $33.6m of its borrowings. Since FY19, the Company has paid down $131.5m or 70.8% of Borrowings. At the end of FY23, Net Debt was effectively zero.

It's been a great 12 months for Hansen. Our focus on delivering outstanding, profitable organic growth is paying off and we have been developing a robust pipeline of acquisition opportunities.

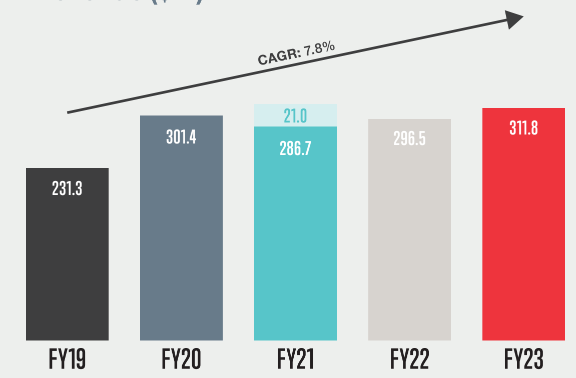
We look forward to an even stronger and more exciting FY24.



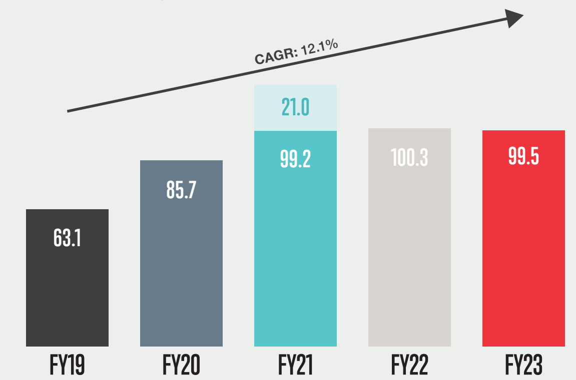
David Trude
Chairman

Andrew Hansen
Managing Director

Revenue ($m)



Underlying EBITDA[1] ($m)



1. EBITDA is a non-IFRS term that relates to earnings before interest, tax, depreciation, and amortisation and excluding net foreign exchange gains/(losses). AASB 16 Leases (AASB 16) has been applied to FY17 to FY19 to reflect an estimated impact of the adoption of this standard. AASB 16 has been adopted by the Group in FY20. Non-recurring items have been excluded from each year, where applicable.

Note: FY21 operating revenue and FY21 underlying EBITDA include the impact to revenue and reported EBITDA of a one-off licence revenue of $21m.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Hansen is a global business, and we believe it is critical to always operate sustainably and ethically. For us, sustainability spans not just our environmental footprint and impact, but also how we operate and how we support our people, our customers, and our communities. We are committed to making reliable and meaningful contributions to the communities we operate in. All of this is underpinned by our strong governance framework.

Managing Director's Message

We are a global provider of software and services to the energy, water, and communications industries. Our award-winning software suite, helps our customers in more than 80 countries to create and deliver new products and services, engage with their customers, and control and manage critical revenue and customer support processes.

In FY22, Hansen started on our journey to become carbon neutral, initially focusing on our Australian operations where the company is headquartered. We invested in a renewable energy project in India, and our Australian operations were certified as carbon neutral by Climate Active.

In FY23 we have again offset 100% of our Australian operations Green House Gas (GHG) emissions. Our intention is to measure GHG emissions across the Hansen global operations in the next few years as we seek to expand our carbon neutral status globally over time.

More and more we are seeing Hansen's products and services being used by our customers for alternative energy systems such as residential solar, community solar, microgrids and electric vehicles. We see this as a potential vehicle for positive environmental impact and will be exploring how to best measure the positive impact of our offerings in the coming years.

Our structure allows us to build and develop strong customer relationships, deep market knowledge and be more focused and responsive to our customer's needs.

Since we delivered our inaugural ESG report in FY22 we have made significant improvements in our ESG approach.

During FY23, with the support of independent experts we commenced an assessment of our material ESG topics and developed our inaugural ESG roadmap. We will evolve our ESG roadmap over time to ensure it delivers benefits for the environment, our customers, our people, and the communities we operate in.

In this FY23 ESG Report we focus on our customers, partners, people, communities, and the environment. At Hansen we take ethical operations and Governance very seriously and we have outlined our key governance policies separately on our website.

We are delighted to share our second annual ESG report to our stakeholders, and we invite you to join us on our journey.

OUR STRUCTURE ALLOWS US TO BUILD AND DEVELOP STRONG CUSTOMER RELATIONSHIPS

FY23 Highlights

ENVIRONMENTAL HIGHLIGHTS

- Offset 100% of our Australian Operations GHG emissions.
- Australian electricity emissions reduced 12.6%.
- Australian Data Centres moving to more efficient (+90% renewable energy achieved globally) and scalable centres.
- Established new more modern and energy efficient offices in Australia, Norway, Canada, and India.

SOCIAL HIGHLIGHTS

- Developing an improved and expanded Parental Leave Policy.
- Introduced Domestic Violence Leave in Australia.
- Continued to support our people with our profit share program.
- Embedded as an annual program our 'Acts of Impact' initiative which supports the communities we operate in.

GOVERNANCE HIGHLIGHTS

- Assessed and defined material ESG topics.
- Developed our initial ESG roadmap.
- Enhanced our mandatory security training and information security controls.
- Reviewed our internal governance polices for areas of improvement, including making them clearer and translated more of them into the native languages of the countries in which we operate.
- Developed and piloted a Supplier Code of Conduct to be circulated to our suppliers during FY24.
- Updated our Audit and Risk Charter to include ESG as key risks.
- Established a cross functional ESG working group to focus on ESG related matters.

Materiality Assessment

During late FY23 we undertook a materiality assessment of our ESG topics. We consulted our stakeholders to understand their opinion on the role Hansen should play in a range of ESG topics.

Our approach to materiality considers double materiality, whereby each material topic is assessed from the perspective of stakeholders ('impact materiality') and the business ('financial materiality'). This approach broadly aligns with the focus of materiality in both Global Reporting Initiative (GRI) (impact materiality) and International Sustainability Standards Board (ISSB) (financial materiality).

A longlist of actual and potential material topics was initially developed based on document review, market trends, peer review and sustainability reporting standards. Insights from this review informed the impact of each topic on Hansen's stakeholders.

20 material ESG topics were categorised into strategic groupings, to present and consider how they may be addressed as part of Hansen's future ESG strategy.

Workshops informed how each material topic impacts Hansen as a business. A materiality matrix was developed to visualise these outputs. Hansen's initial areas of focus are on the topics identified as strategic.

Hansen's ESG report is broadly structured around these 20 Material topics identified. During FY25 we aim to begin a global stakeholder engagement exercise as part of a materiality assessment refresh.

Materiality Matrix

Compliance	Core	Strategic	Strategic
		(S) Diversity, inclusion & equality **(E)** Innovative & sustainable solutions (incl. digital accessibility) **(E)** Renewable energy development & transition	**(G)** Data privacy & cyber security
	(G) Responsible & ethical procurement	**(S)** Future career pathways	**(S)** Employee experience & wellbeing **(E)** Service adaptability & reliability **(G)** Business ethics (incl. anti-bribery and corruption)
	(S) Community development **(E)** GHG emissions	**(E)** Climate risk & resilience **(G)** Leadership, governance & transparency	**(G)** Regulatory compliance
	(G) Human rights **(S)** Health & safety **(G)** Modern Slavery	**(G)** Anti-competitive behaviour **(S)** Financial wellbeing **(E)** Circularity & eWaste	

Impact materiality 'inside out' = impact on stakeholder

Financial materiality 'outside in' = impact on Hansen's financial objectives, business targets, purpose and values

ESG Roadmap

Our roadmap is intended to guide and support Hansen in achieving greater value for our stakeholders and the communities we operate in.

Informed by the materiality assessment, insights on gaps and opportunities for improvement gained from multiple assessments and reviews resulted in the identification of key action areas, which have been used to develop Hansen's ESG roadmap. These actions will, over time, enable Hansen to develop a comprehensive ESG Strategy, uplift its reporting and disclose ESG impacts and performance in line with reporting sustainability frameworks over the next few years.

Hansen's goal is to ensure it acts on our most important and effective measures, seizing real and meaningful opportunities to improve our ESG standing globally.

Following is a summary of Hansen's ESG roadmap activities including completed activities during FY23.

FY23 Completed

- Established a **cross functional ESG working group**
- Engaged an independent third party to commence the development of an ESG Strategy by conducting an **ESG materiality assessment**
- Developed inaugural **ESG Roadmap**
- Piloted **Supplier Code of Conduct**

FY24

- Develop a whole-of-business **ESG Strategy**
- Develop **ESG targets** and identify relevant ESG data points to begin tracking
- Begin development of a **Diversity, Equity & Inclusion Strategy**
- Formalise a **waste management plan** that builds on current waste management efforts
- Review and update selected **policies** in line with the ESG Strategy
- Launch **Supplier Code of Conduct**
- Calculate detailed **scope 3 emissions** for Hansen's Australian operations
- Recertify for **ClimateActive**

FY25 & Beyond

- Undertake a global stakeholder engagement exercise as part of a **materiality assessment refresh**
- Conduct **global sustainability risk and opportunity assessment** to refine ESG Strategy
- **Calculate scope 1, 2 and 3 emissions** for Hansen's **global operations**
- Develop an **emissions reduction strategy** and submit targets to **SBTi**
- Recertify for **ClimateActive**
- In line with expected mandatory climate reporting requirements, **begin preparations to develop an inaugural climate report aligned to TCFD/ISSB S2**

Over the next two years, guided by our roadmap, Hansen aims to develop a whole-of-business ESG strategy. We will communicate a list of key ESG metrics and targets and begin to track and share our progress over time.

We aim to publish our whole of business ESG strategy during FY24/25. Beginning in FY25 we will start to assess our global sustainability risk and opportunity assessment to refine our ESG Strategy.

ACT OF IMPACT

AMBURY REGIONAL PARK PLANTING DAY

Our Hansen crew and their families in Auckland (New Zealand) joined the wider community to plant more than 1,000 native trees, shrubs, and grasses at Ambury Regional Park. The team also planted two Metrosideros (NZ Christmas Tree) (known as Pohutukawa to Māori) in memory of friend and colleague Bruce Turton, who passed away earlier in the year.

The Park, located 15 kilometres south of Auckland city on the shore of Manukau Harbour, is a working farm, making it a great park for families. It is also home to more than 86 bird species including knots, godwits, wrybills, little shags, and white-faced herons.

Other Acts of Impact where we helped re-green or clean up parks and reserve areas took place in Australia, Argentina, India, Finland, and Sweden.

Environment

Hansen is taking a proactive approach towards reducing our environmental footprint across all our operations, products, and services, including through reducing emissions and conserving resources and creating expectations for our suppliers.

Innovative and sustainable solutions (incl. digital accessibility)

The nature of the sectors we support means we are always looking ahead at how our work can support a more sustainable operation and future for our customers and their customers.

Our energy customers are increasingly transitioning away from carbon intensive energy. We aim to support their journeys and enable them to provide and bill for increasingly complex solutions that can include a mix of emerging power including solar, community solar, micro grids and EV charging and other energy efficiency initiatives.

Giving energy, utility and communication service providers access to innovative digital solutions that meet their needs and are designed with limited environmental/social impacts, helps Hansen attract and retain customers.

CASE STUDY

ACHIEVING A NEW LEVEL OF SERVICE ADAPTABILITY

Advances in electric vehicles (EVs) and charging solutions raise exciting prospects for integrating charging infrastructure to enable smart charging and vehicle-to-grid (V2G) applications. They are a key driver for infrastructure evolution and the progression of interconnectivity to smart grids, development of smart cities and towns around the world, and the smart electrification of our everyday connected lives.

Wanting to get ahead of the game by moving early on services for the EV market was a key initiative for one of the largest Nordic retailers. The company was eager to streamline business processes to increase operational efficiencies, accelerate the digital transformation process and reduce time-to-market for new products and services. The overarching aim was to engage both customers and society to join the change for a cleaner world.

Hansen was consulted to provide expanded coverage on this front. In close collaboration, we started by putting in place a CIS system for the Norwegian market before gradually expanding the partnership to encompass Finland and Sweden.

Renewable energy development & transition / Service adaptability & reliability

Digital technologies have been supporting and enabling energy systems for decades – just as Hansen has been dedicated to the energy market for many years. But now we are rapidly moving from a system characterised by large, centralised resources with one-way flows of energy and information, to an advanced grid market with distributed, decentralised, decarbonised resources with two-way flows of energy and information.

Turning personalised energy experience into new business opportunities is imperative for next-generation energy and utility providers.

This transition to renewable electricity centres around new Distributed Energy Resource Management products which respond to and facilitate shifts in customer demand in their journey to Net Zero carbon emissions.

The Hansen Suite for Energy and Utilities is designed to deliver the next experience while enabling energy and utilities to grow from new business models. Hansen's combined offering amounts to more than the sum of its parts.

Hansen is helping utilities and energy service providers meet the challenges of the energy transition right now. The approach and philosophy at play differ from region to region and company to company but time and again it proves to be the case that innovation in the introduction of new processes and enabling agility are critical for success in the face of changing conditions.

In the coming years we plan to further explore and measure how our products and services contribute to the financial wellbeing and sustainable operations of our end-users.

GHG emissions

Continued Steps to Becoming Carbon Neutral

We are undertaking a phased approach to achieving carbon neutrality. Commencing in FY22 we were certified carbon neutral for our Australian operations by Climate Active.

Hansen aims to continue to recertify with Climate Active for our Australian operations. During FY24 we will begin to survey our Australian supply chain to calculate detailed scope 3 emissions for our Australian operations. Beyond FY24 we will seek to calculate and benchmark our global scope 1-3 emissions.

Once we have benchmarked our global emissions we intend to develop and submit our global emissions reduction strategy to the Science Based Targets initiative (SBTi).

Our net electricity emissions for Australia reduced significantly (12.6%) compared to our previous climate active submission as a result of our reduced electricity consumption from being in more advanced energy efficient buildings and the lowering of Victorian electricity emissions intensities.

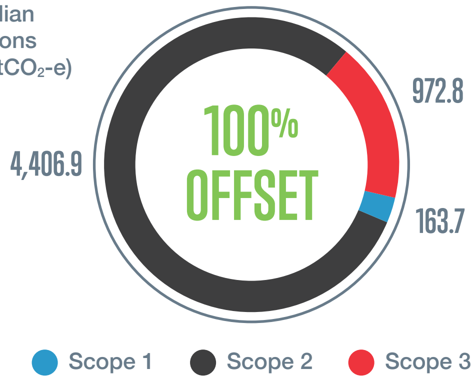
The nature of our industry is that we have a low emissions footprint when compared to many other industries, but we are always looking for ways to not just offset our emissions, but also reduce or eliminate them through targeted activities and decisions.

We recognise with the complexity of our global company that this is not an overnight initiative, and that there are many facets to influencing our carbon emissions and how to offset those where we can't eliminate them fully.

Reduction of GHG emissions arising from Hansen's Australian operations and solutions includes the migration of our data centres to an outsourced provider, who has made a commitment to become carbon neutral by 2030 globally. Our provider currently obtains 95% renewable energy globally, 81% in the centres Hansen utilises across Australia, Finland, and the United Kingdom. This results in reduced GHG emissions for Hansen and our customers.

Australian Operations Certified Carbon Neutral

Australian Emissions (FY22 tCO_2-e)



Scope 1 emissions covers emissions from sources that Hansen owns or controls directly.

Scope 2 emissions are emissions that Hansen causes indirectly and come from where the energy it purchases and uses is produced. For example, the emissions caused when generating the electricity that we use in our buildings fall into this category.

Scope 3 emissions encompasses emissions that are not produced by Hansen itself but by those that Hansen is indirectly responsible for in its value chain. Scope 3 emissions include all sources not within the scope 1 and 2 boundaries.

We have offset 100% of our FY22 Australian GHG emissions via a Renewable Power Project by Devarahipparigi Wind Power Private Limited in Karnataka, India.

The main purpose of this project activity is to generate a clean form of electricity through renewable wind energy sources. The project activity involves installation of a 100 MW wind power project in Karnataka state of India. Over the 10 years of the first crediting period, the project will replace anthropogenic emissions of GHG's estimated to be approximately 177,576 tCO_2-e per year, thereon displacing 183,960 MWh/year amount of electricity from the generation-mix of power plants connected to the Indian grid, which is mainly dominated by thermal/fossil fuel-based power plant.

Australian Emissions Reduction Strategy

Our target is to reduce the GHG emissions intensity of our current and existing business operations in Australia by 50% from our FY22 intensity of 107.88 tCO_2-e per million dollars of revenue, by 2026, and to ensure a reduction in the absolute emissions of our current and existing business operations in Australia by no less than 40% by FY26 from FY22 levels.

We aim to achieve this by:

- Replacing older Australian data centres with energy efficient outsourced centres by the end of 2025.
- Working with outsourced data centre providers to source renewable or offset power where possible.
- Transitioning our Australian offices and employees to more energy efficient spaces by end of 2025.
- Reducing the number of flights taken and offsetting a minimum of 50% of the carbon emissions of our remaining flights by FY26.
- Delivering a supplier code of conduct in FY24 to establish ESG expectations for our supplier network.

Australian Emissions Reduction Achievements

Hansen has already made great progress on its emission reduction strategy during FY23.

- Took residence in a smaller energy efficient office location in the Central Business District of Melbourne.
- Have made significant progress to migrate our data centres to an external facility.
- Increased our embracing of a technology-first approach, including improved video conferencing facilities, to reduce our need for travel.
- Formalised our work from home policy as part of our ongoing commitment to hybrid working and started adapting our office environments to better reflect reduced use of office space and support the reduction in staff commuting.

OUR ENERGY CUSTOMERS ARE INCREASINGLY TRANSITIONING AWAY FROM CARBON INTENSIVE ENERGY.

Evolving our Office Offerings

One of our learnings, through the pandemic, was alternative ways to stay connected with both our co-workers and our customers.

We continue to have a large portion of our employee base working from home or at least coming into our offices on a significantly less frequent basis.

We have continued to evaluate our physical office facilities including reducing both the number of locations and/or their respective footprint when determined appropriate.

In mid 2022 in Australia, we opened a small central office which has reduced the travel times for many of our head office staff. The new location is contained in a building with the NABERs rating of 4 further reducing our environmental footprint.

Through FY23 we have updated our office locations in Canada, India, and Norway. These new spaces better reflect the needs and aspirations of the hybrid worker of today and beyond. Our buildings are modern, energy efficient and facilitate our people to travel by public transport or their own energy to our connection hubs.

As we assess our offices across the globe, we look at the lighting, the heating and cooling options and what we can do to reduce our overall impacts with recycling, energy choices of building provider, encouraging our people to print as a last resort, and much more. We ensure there are good end of trip facilities for our people; and aim to align with local and international certifications for environmental and healthy buildings.

Climate risk & resilience

Across FY24 and FY25 Hansen will begin preparations on a climate report aligned to the Task Force on Climate-related Financial Disclosures (TCFD) / ISSB.

Hansen aims to identify climate-related physical and transition risks and opportunities to drive climate resilience for our own, and our customers operations. This includes understanding the impacts on our global supply chain disruptions due to extreme weather events.

Environmental risks are recognised in Hansen's Corporate Governance Statement, and we have developed and piloted our Supplier Code of Conduct to further address climate related risks across our supply chain.

Over the next few years, we aim to disclose the actual and potential impacts, climate-related risks and opportunities have on our corporate strategy and how we intend to identify, assess, and manage climate related risks.

Circularity & eWaste

Hansen is committed to the sustainable procurement and consumption of electronics we use and their responsible disposal at end-of-life. Hansen is continually exploring circular business models that minimise waste, promote recycling and reuse, and prioritise the use of renewable resources.

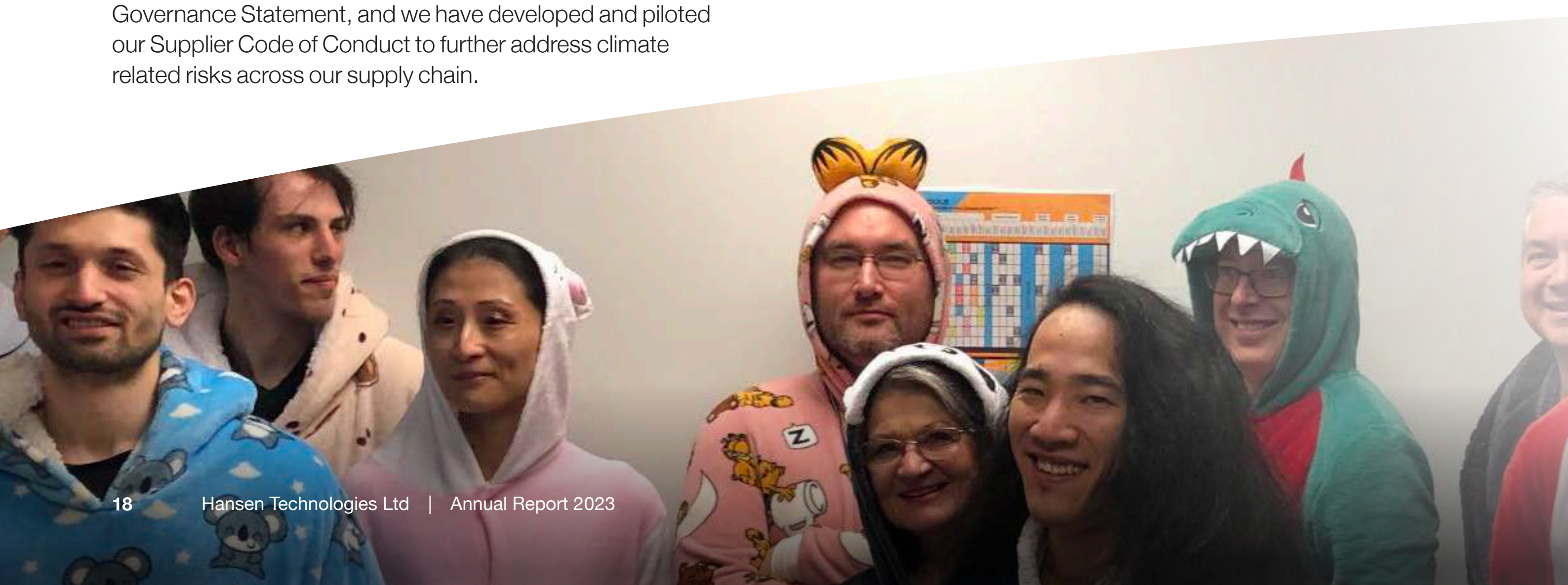
During FY24 Hansen will explore leveraging existing learning resources to embed energy conservation/climate actions and waste reduction in training programmes and seek to formalise mandatory annual completion of all training. We aim to set targets and KPIs, and track and report on completion rates from FY25.

As part of our Acts Initiative, we have repurposed, sold, and donated data-cleansed laptops, cables, and other infrastructure in an effort to give back to our people and communities and reduce our e-waste.

During 2023 we began decommissioning our older less efficient data centres. This not only reduces our need for key electronic infrastructure but also dramatically reduces our energy usage.

Commencing in 2024 we will begin to assess our suppliers and our approach to e-waste management. We aim to formalise a waste management plan that builds on current waste management efforts. This will be centred around responsible procurement, waste minimisation through repurposing and donation and where it is not possible to repurpose, safe disposal.

IN MID 2022 IN AUSTRALIA WE OPENED A SMALL CENTRAL OFFICE WHICH HAS REDUCED THE TRAVEL TIMES FOR MANY OF OUR HEAD OFFICE STAFF.



Social

Hansen has always been an active member of, and strives to make a positive impact in the communities we operate in. Our commitment to these communities not only adds value to our local communities but helps us attract and retain our pool of highly talented people.

We strive to foster an environment of creative problem solving, our involvement with the communities we operate in encourages innovation and ensures we develop our range of services and products that meet and exceed our customers' expectations.

Diversity, inclusion & equality, and Future career pathways

Hansen supports all forms of diversity – including gender, neurodiversity, alternative belief systems and ethnicity. Diversity is embedded within the strategies, culture, policies, and structures of Hansen's workplaces. We believe that a diverse and inclusive workplace is essential for our success.

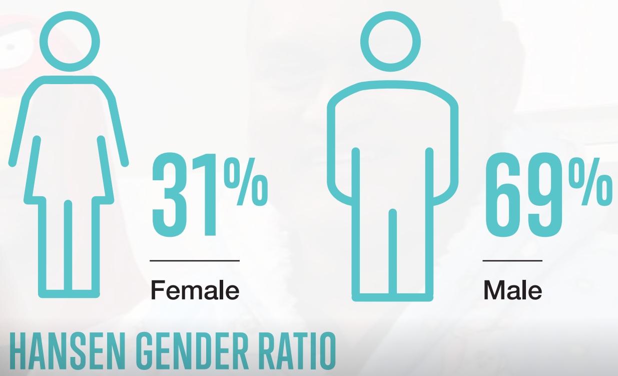
Across FY24 and FY25 we will begin development of a Diversity, Equity & Inclusion Strategy including determining appropriate metrics and targets to enhance the Diversity and Inclusion policy Hansen already has in place.

Ethnicity

Our more than 1,600 people are located across 18 countries and are fluent in more than 60 languages. It is this level of diversity that we believe is a competitive advantage and an asset to our customers. It means we have local people supporting local customers, our people translate effortlessly across cultures and geographies, and our people can connect, collaborate, and grow from continually engaging with global colleagues and experts.

We work hard to bring our people together across our markets and cultures. A core element of this is through storytelling using our internal engagement platforms and external social media. Our people share on their career journeys, how they have overcome challenges and embraced opportunities, we showcase hobbies, pastimes, and family life and help create greater understanding and inclusion by sharing cultural moments.

Gender



In March 2023 we celebrated International Women's Day taking the time to reflect on our progress in supporting diversity in the technology industry and made commitments to do even more.

Throughout the month, we hosted cross-market and regional panel discussions, supporting local women in business by purchasing morning and afternoon teas, raising funds as part of our Acts of Impact initiative, and recognising the incredible individuals who make our community a welcoming and supportive place for all.

Hansen has undertaken an internal pay equity analysis each year since FY20 and reports this annually to the Workplace Gender Equality Agency (WGEA).

Hansen continues to seek and implement initiatives to close the gender pay gap, a product of the broader systemic underrepresentation of women in technology roles.

Part of the challenge in our industry is increasing the representation of women in technical and senior roles and we are continually seeking ways to help grow and diversify the pool of talent entering our Hansen team.

We are actively exploring ways of contributing to widening the pipeline of women in STEM roles and exploring ways of promoting the technology sector more generally. We are also preparing an improved parental leave policy to attract more female employees and create a more gender balanced workforce.

As a business in the high-tech space, we are very pleased to say that our gender ratio is 31% per cent female and 69% per cent male.

Future Career Pathways

During FY23 we welcomed more than 50 graduates into our fold in our centre of excellence in India.

This investment in new talent continues including expanding our graduate program to include our other centres of excellence in Vietnam and Argentina, internships and embracing new pathways programs to the IT sector.

Providing our people not only with career paths, but also ongoing development is critical to ensuring that they are aligned with the business, and remain motivated and driven towards innovation.

This starts with our comprehensive onboarding program, where we allow all our new team members time to immerse into our business, meet our key leaders and get to know the Company and its vision and values along with our products and solutions.

We are working with our people to ensure they have individual goals and plans, which identify key learning initiatives to ensure they keep developing professionally and personally. During FY24 and beyond we will be further exploring ways to optimise our Employee Value Proposition and Employee Experience Strategy.

For all people, we have our annual mandatory training and refreshers to ensure everyone remains compliant around data, security, privacy, and our Company values.

ACT OF IMPACT

RECYCLING INITIATIVE BENEFITS ROYAL CHILDREN'S HOSPITAL

The Royal Children's Hospital Melbourne

Working in technology, we know the impact our hardware can have on landfill. Laptops, desktops, mobile phones, servers – we turn them over regularly and often when they still have life in them.

To help avoid sending hardware with life still in it to landfill, the Hansen IT Services team in Australia conceived what they are terming a triple Act of Impact.

Our Australian team were offered the opportunity to purchase laptops and desktops that would otherwise have gone to landfill for a donation to the Royal Children's Hospital – a hospital that specialises in the care of children across Melbourne and beyond.

The triple benefit – less e-waste in our environment, a well-priced piece of technology for a family member, and a sizable total monetary donation to an incredible organisation.

Further E-Waste was saved from landfill and rehomed in several other Acts across North America and the UK.

73% OF OUR PEOPLE INDICATED POSITIVE ENGAGEMENT, 85% INDICATED POSITIVE INCLUSIVITY SENTIMENT AND 82% INDICATED POSITIVE SENTIMENT AROUND WELLBEING.

In addition to our custom-developed trainings, which are often product or technology-specific, such as our digital certifications and badges, all our employees have access to the LinkedIn Learning portal with more than 13,000 courses ranging from IT and technology courses to professional skills and other interest topics.

Our people have engaged in over 16,000 LinkedIn courses across FY23. Globally our people have engaged in more the 240,000 hours of technical and compliance training during FY23.

Employee Experience & Wellbeing

At Hansen we strive to optimise the employee experience at all stages of the employment lifecycle by fostering a strong culture, through organisational values, and supporting employees with benefits, such as equitable remuneration, opportunities for development and mental health initiatives.

We embrace a range of tools to listen and seek input, including our annual engagement survey and various pulse-check surveys, which we run throughout the year.

We are pleased to report that our last survey represented a very strong employee voice, with an 85% response rate up from 82% last year. 73% of our people indicated positive engagement (up from 70%), 85% indicated positive inclusivity sentiment (up from 83%) and 82% indicated positive sentiment around wellbeing (up from 80%).

We are very proud to report our engagement question with the biggest improvement since last survey "Hansen is taking action to be socially responsible" is up 16 basis points to 88%.

90% of our people stated they can be themselves at work with 86% stating that everyone can succeed at Hansen no matter who they are (e.g. all ages, cultural backgrounds, gender, races, religions etc.)

Our Company Values

The values – and there are only four – that we ascribe to are very much the values that we live by. They come to life in our behaviours, the way we engage with each other and the mutual respect we show each other – every day.

At Hansen, we are like a global community. We bond around shared values, we aim to ensure all our people feel valued as human beings, and that everyone has a voice in decisions that affect them.

This means we care about others. We are respectful and treat others as we would like to be treated. And we genuinely embrace our differences, knowing this only adds to the ability to solve problems for our customers and be more innovative.

One United Team

Sharing knowledge and leveraging our global experience. An environment that encourages innovation and facilitates openness and transparency.

Treat it Like its Your Own

Make business decisions with the same level of consideration you would if you were making them for yourself.

People and Family

Caring about others, being respectful, treating others like you want to be treated. Genuinely embracing our differences, like family.

Focused and Committed

Focused on understanding the customer's needs & being passionate about delivery an exceptional customer experience.

Ravi Chandra, NZ | Senior Director, Software Delivery

Employee Recognition

At Hansen we have several ways that we recognise and reward our colleagues and teammates. All of these are powerful in their own way.

Salute Success is one specific initiative at Hansen that allows our people to recognise their teammates who have brought to life our Hansen Values as they have gone about their day, on specific work tasks, to build our culture and community spirit, or to contribute to customer or project results and impact.

Profit Share

For some years now all our eligible Hansen employees have been able to participate in our profit share plan. The plan is designed to share the company's profit with those who have been part of the success. The Plan allows for the distribution of a percentage of Net Profit after tax of Hansen Technologies Limited.

Health and safety

Consideration of the physical health of employees which includes embedding safety policies and procedures to minimise accidents, maintain lower absence/sick leave rates and optimise productivity is of paramount importance to Hansen.

We are always looking to enhance our approach and improve the safety of our people while at work, either in the office or when they work from home. Across FY24 and FY25 we will look to enhance and translate more of Health and Safety policies and procedures into the major languages spoken by employees and monitor compliance and progress on improved health and safety initiatives.

We also continue to embrace wellbeing events such as R U OK Day. Our employee engagement survey highlights that we are progressing well on this front, but the importance of our people means we are always looking for ways to improve.

Community Development

Developing strong relationships with local stakeholders and minimising negative impacts from Hansen's operations and solutions is not just rhetoric at Hansen. We embed this thinking into our day-to-day operations.

Embracing this through supporting the social, environmental, and economic opportunities of the communities in which Hansen operates has seen our Acts of Impact program embraced by our people globally.

Hansen's Acts of Impact

Our Acts of Impact initiative was purposefully designed to encourage our people to make a meaningful, long-lasting, and purposeful impact in our local communities and, where practical, to the global society. Initially this initiative was targeted to run during our 50th year of sustainable operations. The success of this initiative was so great we have decided to make it an annual program.

HANSEN SUPPORTS FORESTS BY HEARTFULNESS

In India, companies that earn above a certain threshold are mandated to invest in CSR (Corporate Social Responsibility) initiatives. India is currently the only country in the world that requires this, and recently Hansen made its first contribution.

Businesses can invest in areas such as education, poverty, gender equality and hunger as part of their CSR compliance.

There are so many worthy areas that Hansen could invest in, but we chose Forests by Heartfulness. This initiative aspires to conserve rare, threatened, and endangered species of tropical forests.

Our FY23 investment is supporting a project in the Ratlam District of Madhya Pradesh, located about halfway between Mumbai and Dehli in the northern part of India. The project is to green 105 acres of public land to create a "City Forest".

Gustav Jensen, Denmark | Senior Service Delivery Manager

ACT OF IMPACT

SUPPORTING NEW CIRCLES TO BUILD STRONGER COMMUNITIES AND HELP KEEP TORONTO WARM THIS WINTER

Our team in Toronto, Canada connected with an organisation called New Circles and a program called GLOW (Gently Loved Outfits to Wear).

This organisation supports the community in a range of ways, from helping outfit people in need as well as employment training and newcomer resettlement support.

In support of this fantastic organisation, our Hansen Toronto office held several connection moments with pizza lunches and at the same time invited people to bring in quality used clothing that could have a second life helping clothe and positively impact some of the community's more vulnerable members. They then spent time volunteering at New Circles.

Teams across Denmark, Australia, New Zealand, North America, and the UK all get behind organisations like New Circles to help feed, clothe and keep warm some of our most vulnerable community members as part of our Acts of Impact.

Governance

Hansen is committed to ethical, transparent, and accountable operations. We believe this is essential for the long-term performance and sustainability of the company, and to protect and enhance the interests of our shareholders and other stakeholders.

In FY23 we established a cross functional ESG working group to address, manage and report on our ESG risks. In late 2022 we recruited a new Head of Investor Relations and ESG to manage our Investor Relations function and build out our ESG management framework.

We revised our Audit and Risk Committee Charter to include areas of ESG as a key risk. We also included ESG related risks on our Enterprise Risk Register, which is reviewed bi-annually.

Across FY24 and FY25 we will be formalising the responsibilities of our cross functional ESG working group and expanding on our policy review in line with our ESG strategy.

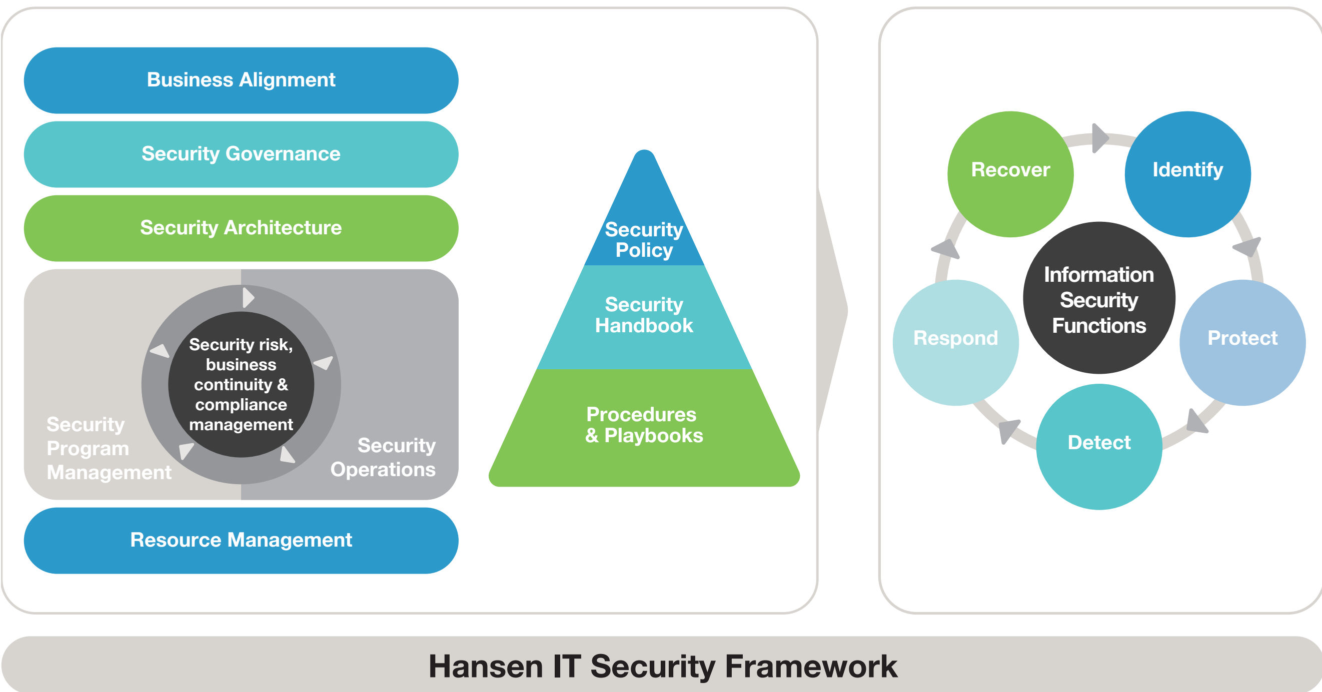
Data privacy & cyber security

We believe using data responsibly is in everyone's interest including our customers, our advisers, our suppliers, our partners, and our people. We embed the highest possible security protection mechanisms in our software, and we have a rigorous testing process to ensure that our security measures are upheld and provide the right protection for our customers and their data.

Supporting our development process is a robust range of policies that our people comply with, including the Hansen Privacy Policy, Security Policy, and Record Retention Policy.

Anyone with access to Hansen systems is required to undertake privacy training, to understand what personal data is and what we can all do to help protect it and is required to pass an assessment on completion of training as a condition of accessing our systems. Our people are required to complete this annually.

Security Operating Model **Hansen Implementation**



Identify	Protect	Detect	Respond	Recover
Identification, inventory, assessment, and governance of enterprise assets and related risks.	What is important to protect, why protection is necessary, and what protections are prudent.	Deployment and management of capabilities designed to monitor for potential security incidents.	Analysis, implementation, and maintenance of methods to address and minimize impacts of security incidents.	Maintaining or returning the business to normal operations following security incidents.

IT Security Framework

Hansen's current Security Framework is based on inputs from leading industry standards such as ISO27001/2, National Institute of Standard and Technology (NIST) and the Payment Card Industry Digital Security Standard. The overarching framework Hansen follows is the NIST Cyber Security Framework. An approach to improvement initiatives is currently being developed based on the Australian Cyber Security Centre's Information Security Manual.

IT Security Governance

We know that an effective IT Security program is essential to our business initiatives and crucial in risk management.

Critical to the success of our program are the following key success factors:

- continuous, visible support and commitment of Hansen's executive management
- central management, with a robust and common strategy and policy across Hansen
- continuous training and awareness of all employees
- based on threat intelligence led thinking, adapting to the adversaries Tactics, Techniques and Procedures
- continual improvement

Our IT risk environment is governed by the below.

Responsible & ethical procurement/ Human rights/Modern Slavery

Hansen is committed to maintaining a sustainable supply chain. This is not just about environmental impact but all that ESG entails: Ethics, Human Rights, Environment, Carbon Emissions and Social Responsibility.

Hansen is committed to operating responsibly, with integrity and sustainably and we expect the same level of commitment from our supply chain. Respect for the human rights of employees, customers, suppliers, and other stakeholders with human rights considerations is embedded in our processes and policies.

We are constantly evaluating our value chain to ensure compliance with all laws and regulations with respect to modern slavery. This includes setting labour standards for employees as well as rejecting modern slavery across our supply chain.

As an IT services company, we have relationships with suppliers in each of the countries where we operate. These suppliers provide technological goods and services to our business, including the provision of servers and equipment used by our employees and in our data centres, office cleaning services, office consumables, and leasing services. Services arrangements with these suppliers are generally in the form of stable longer-term contractual relationships, and given the nature of these services, our suppliers are sourced locally.

IT Services Weekly Reporting

- Covers any Critical Incidents
- Security Operations Centre Statistics
- Progress of IT Security Training Completion
- Audit/Pen Test Remediation Tracking

Weekly

IT Security Steering Committee

- Review of Strategy
- Review of Internal and High Profile External Incidents
- Tracking of Key Security Initiatives

IT Security Operational Working Group

- Detailed review of progress on security initiatives

Board Report

- Covers details of any critical incidents from the previous month

Monthly

International IT Security Update

- International IT Security Update
- Forum with key international stakeholders in EMEA and North America
- Communication of strategy
- Communication of any relevant incidents
- Communication of progress of security initiatives

Quarterly

Trond Morten Buanes, Norway | Support Analyst

Our methodology for assessing Modern Slavery risk in our supply chain considers factors such as the nature of the services being provided, geographic location of such services, the propensity of the likelihood of modern slavery in relation to those services, and whether there were any general indicators of modern slavery with those suppliers. We then prioritise higher risk areas to perform further due diligence and engage in risk mitigation strategies to prevent potential modern slavery practices.

Code of Conduct for our Suppliers

During FY23 we developed and piloted our Code of Conduct for our Suppliers and will be rolling this out globally during FY24.

This Code of Conduct articulates a vision of responsible business behaviour and principles that Hansen requires its suppliers to abide by in the course of their business relationship with Hansen.

Our Code of Conduct reflects our own ESG aspirations and 'tickets to play' including Working Conditions, Human Rights, Modern Slavery, and expectations around caring for the Community and Environment.

Business ethics / Anti-competitive behaviour / Regulatory compliance

At Hansen we recognise that our company is made up of the individual employees representing our operations globally. Each person has an individual responsibility for their own behaviour and should take accountability for their actions and choices. The Hansen Code of Conduct reflects the Hansen Group's primary values of ethical behaviour, compliance with legal obligations, and respecting the expectations of all stakeholders.

As a company publicly listed in Australia for over 20 years, we take the values and principles detailed in our Code of Conduct very seriously. Our Code of Conduct implements values, principles, policies, and procedures that prevent fraud, bribery, and discrimination from occurring in Hansen's daily operations during stakeholder interactions and across our value chain.

Hansen employees operate in numerous countries and we observe the laws of each jurisdiction not just because they are law but because it is right to do so.

Leadership, governance & transparency

All Hansen people have a responsibility to incorporate risk management into their day-to-day operations. Our risk governance structure provides oversight of the effective operation of our framework through the following governing bodies:

- The Board has overall responsibility for ensuring that an effective risk management framework is established.
- The Audit and Risk Committee (ARC) is appointed and authorised by the Board to assist in carrying out its obligations as they relate to risk management. The ARC has responsibility for endorsing the framework and reviewing material enterprise risks in light of the risk appetite set by the Board.

Risk assessment and assurance process

At Hansen we take a proportionate approach to our risk assurance including self-evaluation and independent external assurance activities to ensure that our material risks are appropriately measured and managed.

Our risk management approach is dynamic. We regularly anticipate, detect, acknowledge, and respond to changes in our internal and external environment following the principles outlined in ISO 31000:2018 Risk Management – Guidelines. We collate and record information into a risk register servicing our global operations to communicate and manage risk across the organisation.

> **HANSEN EMPLOYEES OPERATE IN NUMEROUS COUNTRIES AND WE OBSERVE THE LAWS OF EACH JURISDICTION NOT JUST BECAUSE THEY ARE LAW BUT BECAUSE IT IS RIGHT TO DO SO.**

ACT OF IMPACT

MAKING THE MID-AUTUMN FESTIVAL SPECIAL FOR THE CHILDREN OF DIEU GIAC ORPHANAGE

Our team in Vietnam undertook several activities to help the children at Dieu Giac Pagoda Orphanage. The orphanage is home to 60 children, some of whom are in good physical health and others who suffer from mental disabilities. Many of these children were originally abandoned at the Pagoda's gate or at nearby hospitals!

Our people worked together to make, bake, and donate items that we could all buy to raise some money in support of a gala fair where we could provide gifts and a day of fun during Mid-Autumn Festival, which is a festival for children. The money raised was used to buy gifts for the children and essentials to support the orphanage including shampoo, seasoning, cooking oil, and toothpaste.

We spent the day talking to and playing with the orphans, listening to their stories. We are planning how we can create more impact with more acts.

BOARD OF DIRECTORS AND COMPANY SECRETARY

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

Mr David Trude

Non-Executive Director

Chairman since 2011

Director since 2011

Age 75

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

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

Mr Andrew Hansen

Managing Director

Managing Director

Managing Director since 2000

Age 63

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

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

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

Ms Julia Chand

General Counsel and Company Secretary

Company Secretary since 2014

Age 53

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

Mr David Howell

Non-Executive Director

Chair of the Remuneration Committee

Member of the Audit and Risk Committee

Age 65

David Howell joined the Hansen Technologies Board in 2018. He is a highly accomplished executive having worked across a number of industries including financial services, retail, technology and social media. David has had roles as Chairman, Managing Director, Non-Executive Director and Board Advisor across large corporates, SMEs and early-stage businesses, including private equity.

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

Unless stated, no Directors of Hansen Technologies Limited held any other Directorships of listed companies at any time during the three years prior to 30 June 2023.

Mr Don Rankin

Non-Executive Director

Director since 2019

Chair of the Audit and Risk Committee

Member of the Remuneration Committee

Age 71

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

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

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

Ms Lisa Pendlebury

Non-Executive Director

Director since 2022

Member of the Audit and Risk Committee

Member of the Remuneration Committee

Age 48

Lisa is an experienced executive who has worked in the healthcare, consumer products and finance industry for more than 20 years. Lisa commenced her career in investment banking at JP Morgan before moving to private equity with CVC Capital Partners. She spent 12 years at Mayne Pharma and was an executive on the senior leadership team. She is currently General Manager, Corporate Development at Regis Healthcare. Lisa has extensive experience in business development, mergers and acquisitions, corporate strategy, investor relations, financial reporting, corporate governance, remuneration and sustainability. Lisa has a CPA and holds a Bachelor of Commerce and Bachelor of Science degree from the University of Melbourne. She is Treasurer of EDFA, a not-for-profit organisation.

Mr Bruce Adams

Non-Executive Director

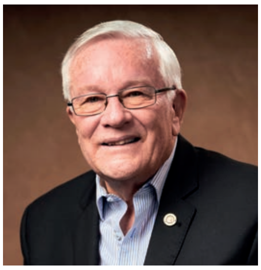
Director since 2000

Member of the Remuneration Committee

Age 63

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

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



Mr David Osborne

Non-Executive Director

Director since 2006

Member of the Audit and Risk Committee

Age 74

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

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

DIRECTORS' REPORT

The Directors present their report together with the Financial Report of the consolidated entity ('the Group'), being Hansen Technologies Limited ('the Company') and the entities it controlled for the financial year ended 30 June 2023, and Auditor's Report thereon. This Financial Report has been prepared in accordance with Australian Accounting Standards.

Principal activities

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

OPERATING AND FINANCIAL REVIEW

Review of operations

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

	2023 A$ Million	2022 A$ Million	Variance %
Operating revenue	311.8	296.5	5%
Underlying EBITDA[(1)]	99.5	100.3	(1%)
NPAT	42.8	41.9	2%
Underlying NPAT[(2)]	41.5	42.2	(2%)
Underlying NPATA[(1), (3)]	55.6	58.2	(4%)
Basic Earnings per Share (EPS) (cents)	21.1	20.9	1%
Basic EPS based on underlying NPATA (EPSa) (cents)[(1)]	27.5	29.0	(5%)

(1) The Directors believe the information additional to IFRS measures included in the report is relevant and useful in measuring the financial performance of the Group. These include: EBITDA, NPATA and EPSa. These measures have been defined in the Chairperson and Managing Director's Joint Report on page 10.

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

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

In FY23 the business delivered another set of impressive results following on from the successful FY22 year. Further details on the Group's results are outlined in the Chairperson and Managing Director's Joint Report on page 8.

The Group's revenue for the financial year was $311.8 million, an increase of 5.2% on FY22. At the end of FY23 Net Debt was effectively zero.

During the global challenges of the past few years, there was a reduction in many of the Group's expenses. FY23 has seen some of these expenses normalise as the Group reconnects with its customers, its people, and the industry. Pleasingly, employee numbers are also back to pre-pandemic levels as the group reinvests in its people. Despite these increases the Group has maintained solid growth and its underlying EBITDA margin of 31.9%, achieved in a tough inflationary environment, is well above its long-term benchmark of 25-30%.

The Group continues to demonstrate its stability as a consistently cash-generative organisation generating $78.8 million of operating cash flows, which has been used to retire net external debt of $33.6 million, pay dividends of $18.4 million (net of dividend reinvestments) and fund the capitalised portion of its ongoing product development (R&D) program of $21.1 million.

The Group prioritises reinvestment in its products, with capitalised R&D increasing 35% from FY22. The Group's investments range across a variety of areas including cloud-native, regulatory compliance, B2B and enhanced customer experiences along with the exploration of the opportunities that Artificial Intelligence, 5G and Internet of Things bring. This increased investment has supported several new logo wins, and significant upgrades with existing customers throughout the year.

With the Group's cash generation capabilities combined with significant future borrowing capacity, Hansen remains well placed to continue to acquire mature, value accretive and predictable businesses in the energy and communications sectors.

Billing segment

The Billing segment represents a major part of the Group's business operations, delivering $305.0 million of revenue in 2023 (2022: $289.0 million), which translates into a 5.5% increase. Segment profit before tax was $58.7 million in 2023 (2022: $53.6 million), representing a 9.5% increase.

Other activities

Segment revenues from other activities was $6.8 million in 2023 (2022: $7.6 million), representing a 10.5% decrease for the year. This 10.5% decrease in revenues resulted from an expected reduction in business activity associated with the planned closure of the Australian Data Centre scheduled for completion in December 2024. Segment profit before tax was $1.4 million for 2023 (2022: $1.7 million), representing a 17.6% decrease for the year.

Significant changes in the state of affairs

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

Subsequent events

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

Opportunities and business risks

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

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

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

The material business risks that have the potential to impact Hansen's financial prospects and future performance are outlined below, together with mitigating actions undertaken to minimise these risks.

Risk	Nature of Risk	Mitigating actions
Information security, including cyber attacks	Hansen may be exposed to an event or events which may result in Hansen or Hansen's client's information being unavailable, lost, stolen, copied, or otherwise compromised with adverse consequences for the business. Our information security risks remain heightened due to the growing sophistication and increased frequency of cyber attacks within all industries.	As the nature of cyber-crime is constantly evolving, Hansen continues to invest in a wide range of information security protection and preventative measures in response to the increasing threats presented by cyberattacks and cyber terrorists. Hansen's current Security Framework is based on inputs from leading industry standards such as ISO27001/2, National Institute of Standard and Technology (NIST) and Payment Card Industry Digital Security Standard. The overarching framework Hansen follows is the NIST Cyber Security Framework. An approach to improvement initiatives is currently being developed based on the Australian Cyber Security Centre's Information Security Manual. Critical to the success of our program are the following key success factors: • continuous, visible support and commitment of Hansen's executive management • central management, with a robust and common strategy and policy across Hansen • continuous training and awareness of all employees • based on threat intelligence led thinking, adapting to the adversaries Tactics, Techniques and Procedures • continual improvement

Risk	Nature of Risk	Mitigating actions
Technology change or failure of critical systems	Significant shifts in technology, such as Artificial Intelligence, may adversely impact our business or the demands of the industries Hansen serves. A critical technology system or process failure, whether by environmental disruption, error, or attack, may cause significant adverse impact to Hansen and Hansen's clients.	Hansen maintains a highly skilled team of technology professionals, who constantly test the potential utilisation and / or impact of emerging technologies. Mitigation of technology risk and optimal utilisation of new technology lies at the heart of Hansen's software development practices. Hansen seeks to manage market change by maintaining its customer first approach. Hansen's Business Continuity and Disaster Recovery Plans are tested, updated, and reviewed on an annual basis. The testing ensures that access to critical systems, including backup environments, are restored and any potential disruption minimised.
Foreign exchange	Due to its international operations, Hansen may be exposed to foreign exchange movements, which may impact the value of profits repatriated to Australia.	Hansen mitigates foreign exchange risk associated with its international operations by, where possible, funding its investments and operations in the local currency. Foreign currency transaction risks can be hedged, where appropriate. Hansen does not hedge translation risk on foreign currency earnings.
External operating environment	Changes to the external operating environment, including macroeconomic factors such as inflation and interest rates as well as geopolitical factors, may negatively impact client demand and the cost of providing Hansen's products.	Hansen has a diversified geographic presence and varied product and customer portfolio, which has a high portion of recurring revenues. Hansen actively monitors the impact of changes in the external operating environment on the business, including people, customers, financial performance, and financial position.
Investment opportunities	The Group has an active M&A program. Key risks of this strategy include financial challenges due to the substantial nature of the investment and the possibility of diluted shareholder value if anticipated synergies do not materialise. Integration difficulties, including cultural clashes and loss of key talent, may disrupt operations. Regulatory and legal risks, such as delays in obtaining approvals, could hinder the success of the acquisition. Overestimating synergies and underestimating integration complexity pose additional risks. Reputational damage may occur if the acquisition is not executed effectively.	Hansen's approach to M&A involves careful planning and execution, with thorough due diligence to identify potential challenges and synergies conducted. Where an acquisition is made, a comprehensive integration strategy with clear timelines and responsibilities is developed. Cultural alignment and actions to retain key talent are priorities. Hansen ensures financial projections are thoroughly analysed and reviewed to avoid overpaying for the target company. During and post integration robust financial reporting and control systems are embedded. Hansen regularly assesses and adjusts the integration process as needed.
Employee recruitment and retention	Hansen's people are critical to the Group's ongoing success. Loss of key people may lead to a loss of critical skills, knowledge, and experience, which may disrupt workflow, or impact key relationships with stakeholders and impact Hansen's competitive advantages.	Hansen manages risks to the employee base by focusing on the employee value proposition. Hansen strives to create a positive work environment that fosters employee engagement and satisfaction. Hansen offers competitive remuneration and benefits packages tailored to the market in which personnel are based. Hansen conducts regular performance reviews to support its people and identify any potential issues early on. Succession planning and knowledge sharing help mitigate any potential loss of knowledge from employee movements.

Risk	Nature of Risk	Mitigating actions
Loss of customers	Hansen maintains a diverse portfolio of Tier 1 and 2 customers. A loss of a key customer due to market risk may negatively impact the financial success of the business.	Hansen has a diverse range of customers across geography and vertical with no one customer delivering more than 7% of Hansen's total revenue. Despite the relatively low risk of significant financial impact from the loss of one customer, Hansen is focused on meeting and exceeding customers' expectations for system performance and service delivery.

Outlook and likely developments for FY24

With the acceleration of change in Hansen's core markets of energy and communications, whether it's the transition to renewable energy sources, or rollout of 5G networks, Hansen is seeing increased demand in its software and supporting services.

Hansen is actively seeking to increase brand awareness and expand its sales capabilities in both existing and new markets. Hansen has been enhancing its sales and marketing efforts to capture more tier one organic growth.

Hansen is well-placed to grow and evolve both its product and solution offerings, and its customer portfolio with a strong talent pool that is an excellent mix of senior and experienced professionals, as well as younger yet highly passionate and talented emerging leaders.

Hansen remains committed to not just growing organically, but via a disciplined and focused aggregation approach. Hansen is predominantly targeting businesses within the communications and energy industries, with a focus on companies that are driving profitable innovation and growth.

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

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

Environmental regulations and climate change

The Group's operations are not subject to any significant environmental Commonwealth or state regulations or laws. The Group is aware of the general risks associated with climate change and is committed to continual improvement in its approach to ESG. In FY23, the Group reapplied for Carbon neutral certification of its Australian Operations and has signalled its intention to measure its global scope 1-3 emissions over time.

During FY23, with the support of independent experts Hansen commenced an assessment of its material ESG topics and developed an Environmental Sustainability and Governance roadmap. A cross functional ESG working group has been established to facilitate and support Hansen's ESG approach. Hansen has also indicated its intention to begin preparations on a climate report aligned to the TCFD / ISSB.

Corporate governance statement

Hansen and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

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

Dividends paid and declared

A final dividend of 5 cents per share has been declared, partially franked to 1.5 cents per share, comprising of a regular dividend of 5 cents per share. The final dividend was announced to the market on 23 August 2023, with payment to be made on 20 September 2023. The amount declared has not been recognised as a liability in the accounts of the Company as at 30 June 2023.

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

- 5 cents per share unfranked interim dividend paid on 21 March 2023, totalling $9,237,147; and
- 5 cents per share partially franked to 1.5 cents final dividend paid on 21 September 2022, totalling $9,165,596.

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

Performance rights

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

Performance rights over unissued ordinary shares granted by the Company during the financial year to the KMP as part of their remuneration for the year ended 30 June 2023 are as follows:

Grant Date	Number of Rights Granted on 15 Sep 2022[1]
Executives	
A Hansen	94,475
D Meade	22,216
G Taylor	23,987
R English[2]	19,925
Total	160,603

(1) The number of rights granted that will vest is conditional on achievement of annual financial and non-financial measures under the LTI plan. The above KMP will be awarded a combined total of additional 80,302 rights if they overachieve the performance measures. Refer to the Remuneration Report for further details.

(2) Richard English commenced as an Executive KMP on 22 February 2023. The balance disclosed above reflects rights granted during the year inclusive of when he became an Executive KMP.

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

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

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

Shares and performance rights

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

Instrument	Plan	Grant Date	Vesting Date	Number of Rights at 30 June 2023
Rights	STI	1 Jul 2020	30 Jun 2023[1]	523,247
Rights	LTI	1 Jul 2020	30 Jun 2023[2]	199,303
Rights	LTI	15 Sep 2021	30 Jun 2024[3]	290,751
Rights	LTI	15 Sep 2022	30 Sep 2025[3],[4]	444,030

(1) STI performance rights granted on 1 July 2020 vested on 30 June 2023. The rights were subsequently exercised on 14 August 2023.

(2) Performance rights for the FY21 LTI Plan vested on 30 June 2023. The rights were subsequently exercised on 14 August 2023.

(3) All performance rights will vest on the vesting date as indicated in the above table, subject to achievement of specific measurement criteria.

(4) Expected vesting date is advised in writing by the Board following consideration of performance during the measurement period, but no later than 30 September 2025.

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

Shares issued on exercise of performance rights

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

Date Issued	Number of Ordinary Shares Issued on Exercise of Performance Rights
19 Aug 2022	789,817
14 Aug 2023	722,550
Total	1,512,367

Indemnification and insurance of Directors, officers and auditors

Indemnification

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

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

Insurance

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

No insurance premium is paid in relation to the auditors.

Rounding of amounts

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

Directors' meetings

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

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr David Trude	12	10	–	–	–	–
Mr Bruce Adams	12	12	–	–	5	5
Mr Andrew Hansen	12	12	–	–	–	–
Mr Don Rankin	12	11	7	7	5	4
Mr David Osborne	12	12	7	7	–	–
Ms Lisa Pendlebury	12	12	7	7	5	5
Mr David Howell	12	11	7	5	5	4

Directors' interests in shares

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

Directors' Relevant Interests in:	Ordinary Shares of the Company	Rights Over Shares in the Company
Mr David Trude	111,678	–
Mr Bruce Adams(1)	34,891,417	–
Mr Andrew Hansen(1)	35,450,073	382,187
Mr Don Rankin	25,000	–
Mr David Osborne(1)	35,125,448	–
Ms Lisa Pendlebury	13,869	–
Mr David Howell	43,805	–

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

Proceedings on behalf of the Company

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

Directors' interests in contracts

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

Auditor's Independence Declaration

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

Non-audit services

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

	2023 $	2022 $
Amounts paid and payable to RSM Australia for non-audit services:		
– compliance services	13,715	3,567
Sub-total	**13,715**	**3,567**
Amounts paid and payable to network firms of RSM Australia for non-audit services:		
– taxation services	39,636	65,444
– compliance services	48,149	54,776
Sub-total	**87,785**	**120,220**
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	61,546	9,095
– compliance services	51,690	28,475
Sub-total	**113,236**	**37,570**
Total auditor's remuneration for non-audit services	**214,736**	**161,357**

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

REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present the Remuneration Report of the Group, consisting of Hansen Technologies Limited ("the Company") and its controlled entities for the 2023 financial year.

The 2023 financial year has been an outstanding year for Hansen delivering strong organic revenue growth and underlying EBITDA margins whilst paying down debt to achieve an effective net debt zero position at the end of the year. This performance is testament to the strength and leadership of our global management team in continuing to drive the business forward through a combination of new logo wins and the retention and expansion of existing customers.

Up until June 2023, Andrew Hansen had held the positions of both Chief Executive Officer and Managing Director. This meant his leadership and focus spanned both the operational leadership and the strategic direction of the company.

As a company of more than 1,600 people, coupled with a rich and buoyant acquisition history, Hansen announced a decoupling of the roles and appointed long-term Hansen executive Graeme Taylor to the position of CEO on 19 June 2023, with Andrew Hansen as Managing Director, focused on leading strategic growth including inorganic M&A.

I am pleased to advise that the FY21 Enhanced STI scheme measurement and vesting periods have now concluded. As previously disclosed, the STI targets set in place in July 2020 were achieved at 135% and vested at 30th June 2023. Throughout a period of many challenges, the KMP successfully met and exceeded the expectations of the Board.

During the financial year 2023, Hansen undertook a review of its compensation models for Directors, Executives and Key Management Personnel (KMP) against similarly situated companies. As a result, Hansen has revised the compensation model to be consistent with models of similarly situated ASX-listed companies.

Hansen's revised compensation model ensures that Hansen's operational goals and objectives continue to deliver responsible cost management and sustainable growth which in turn ensures increasing value for its shareholders. As a result of this remuneration review, Hansen has retained the current structure of the STI program focused on financial and non-financial metrics and developed and updated its LTI plan for the FY24 year.

The revised LTI plan aims to drive long-term profitability and increased shareholder returns by improving motivation and retention and/or attraction of key employees. The plan includes hurdles that must be satisfied for vesting to occur, including a minimum underlying EBITDA margin and organic revenue growth thresholds. Key targets for the FY24 LTI scheme are Board defined three-year cumulative organic revenue and EBITDA growth targets.

Organic revenue growth is a transparent and easily measurable metric. It promotes sustainable performance and motivates our KMP to develop and execute strategies that nurture customer relationships, improve product offerings, enhanced operational efficiency, and to prioritise profitable sustainable revenue streams over short-term gains.

EBITDA growth is a widely recognised metric by Hansen's employees, shareholders and analysts. By focusing on EBITDA growth, KMP are incentivised to drive operational excellence, optimise cost structures, and maximise profitability, encouraging Hansen's KMP to make strategic decisions that enhance the long-term financial health and sustainability of the company.

Both of the above metrics are strongly aligned with the Group's strategic initiatives to generate sustainable long-term shareholder value by way of increasing profitability and cash generation, which should result in increased earnings per share (EPS) and return on equity (ROE).The Board is committed to the ongoing review of the Group's Remuneration Framework to ensure it achieves its objectives of incentivising and rewarding performance that optimises business and shareholder value and ensuring the Company is well placed to attract, retain and motivate a talented Executive team.

Yours sincerely,

David Howell
Chair of the Remuneration Committee

OUR DETAILED REMUNERATION REPORT (AUDITED)

The Remuneration Report for the year ended 30 June 2023 outlines key aspects of our remuneration framework and has been prepared and audited in accordance with the *Corporations Act 2001*.

Our Remuneration Report contains the following sections:

1. Persons to whom this report applies
2. Our remuneration framework
3. How reward is linked to performance
4. Remuneration details: Executive KMP
5. FY24 Incentive Plan
6. Contractual arrangements with Executive KMP
7. Remuneration details: Non-Executive KMP
8. Share-based remuneration disclosures
9. Other transactions with KMP
10. Employee Share Trust

1. Persons to whom this report applies

The remuneration disclosures in the Report cover the following persons who were classified as the Key Management Personnel (KMP) of the Group during the 2023 financial year. KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group:

Executives(1)	
Andrew Hansen(2)	Managing Director
Graeme Taylor(2)	Chief Executive Officer (CEO)
Darren Meade	Group Head of Delivery
Richard English(3)	Chief Financial Officer

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

(1) These executives of the Group were classified as KMP during the 2023 financial year and unless stated otherwise, were KMP for the entire year.

(2) With effect from 19 June 2023, the roles of the Chief Executive Officer and Managing Director were decoupled. Graeme Taylor was promoted to Chief Executive Officer. Andrew Hansen remains as Managing Director.

(3) With effect from 22 February 2023, Richard English was promoted to Chief Financial Officer.

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

The FY22 Remuneration Report received strong shareholder support at the 2022 AGM with a vote of 85.83% in favour. A resolution covering the issue of rights under the LTI to the Managing Director and/CEO also received strong support with 88.93% of votes in favour.

2. Our remuneration framework

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

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

(a) Remuneration governance

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

The Board has delegated to the Remuneration Committee the responsibility for reviewing and making recommendations to the Board regarding compensation arrangements for the Directors, Executive KMP and the balance of the Managing Director's direct reports. As at 30 June 2023, the Remuneration Committee was made up of four Non-Executive Directors: David Howell (Chair of the Remuneration Committee), Bruce Adams, Don Rankin and Lisa Pendlebury, the majority of whom are independent.

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

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

(i) Executive KMP remuneration review process

Managing Director

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

Remuneration Committee

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

Board

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

(ii) Non-Executive Directors remuneration review process

Non-Executive Directors' remuneration is governed by resolutions passed at a General Meeting of the Shareholders. During the AGM held on 24 November 2022, shareholders approved an increase to the Non-Executive Directors' maximum remuneration payable from $750,000 to $780,000.

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

(iii) Remuneration strategy, structure and market practice

To support the review of the 2023 remuneration framework, the Remuneration Committee has considered detailed and extensive reports, inputs and benchmarking provided to the Committee in relation to the remuneration strategy, structure, market and competitor practice. The Committee will supplement this internal advice with external specialist advice from time to time. No external remuneration recommendations, as defined by the *Corporations Act 2001*, were provided during the year.

(b) Remuneration structure (FY23 Plan)

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

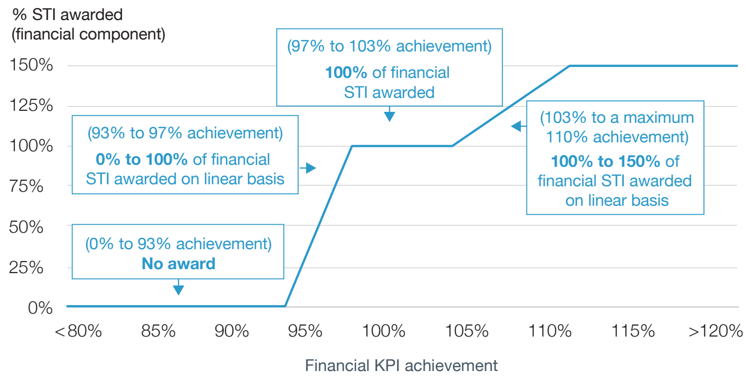
(i) Total Fixed Remuneration (TFR)

TFR typically includes base salary and superannuation contributions and may include, at the discretion of the Board, other benefits such as a motor vehicle (aggregated with associated fringe benefits tax to represent the total employment cost to the Group). TFR is determined with reference to available market data, the scope of an individual's role and the qualifications and experience of the individual, as well as geographic location. TFR is reviewed annually to account for market movements and individual performance outcomes. See page 53 for a summary of Executive KMP contracts.

(ii) FY23 Short-Term Incentive (STI) Plan

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

Financial KPIs (70% total STI)



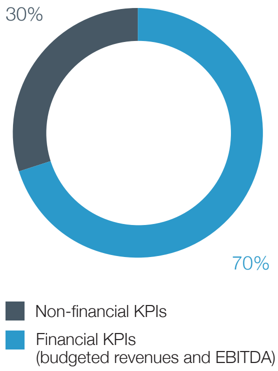
Non-financial KPIs (30% total STI): Non-financial KPIs are assessed and awarded up to a maximum of 100% based on specific outcomes.

How is performance measured?

Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of delivering the best possible outcome over the next 12 months given the current economic environment. Financial measures selected are measures against which management and the Board assess the short-term financial performance of the Group. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to the Group within that individual's level of responsibility. These objectives are determined by the Managing Director and the Board in accordance with the process set out on page 39.

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

The selection of **non-financial KPIs** varies depending on each KMP's roles and responsibilities within the Group. These may include achievement of specific strategic projects that drive the best possible outcome over the next 12 months. Each KMP may have a number of separate non-financial KPIs. Achievement of each individual's non-financial KPIs is determined by reference to an assigned performance rating determined by the Managing Director and the Board at the end of the financial year in accordance with the process described on page 39.



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

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

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

(iii) FY23 Long-Term Incentive (LTI) Plan

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

How is performance measured?

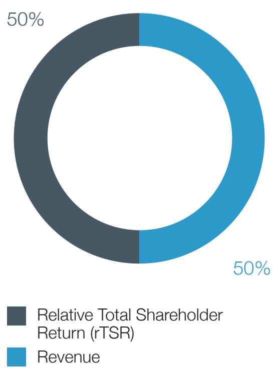
Vesting of the LTI awards are subject to the following criteria:

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

Relative Total Shareholder Return (rTSR)

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

Relative TSR directly measures shareholder value creation.



Revenue

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

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

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

Relative TSR Performance	Percentage of Performance Rights That Will Vest
< 50th percentile	None
Between 50th to 75th percentile	100% to 150% on a linear basis
> 75th percentile	150%

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

Percentage Achievement Against 12.5% Revenue CAGR	Percentage of Performance Rights That Will Vest
< 93%	None
> 93% < 97%	0% to 100% on a linear basis
> 97% < 103%	100%
>103% <110%	100% to 150% on a linear basis

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

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

What happens if an executive leaves?

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

Where termination occurs by way of dismissal or resignation prior to the vesting of the performance rights, unvested rights may vest on a pro-rata basis according to the eligible period of time served up until the termination date at the Board's discretion.

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

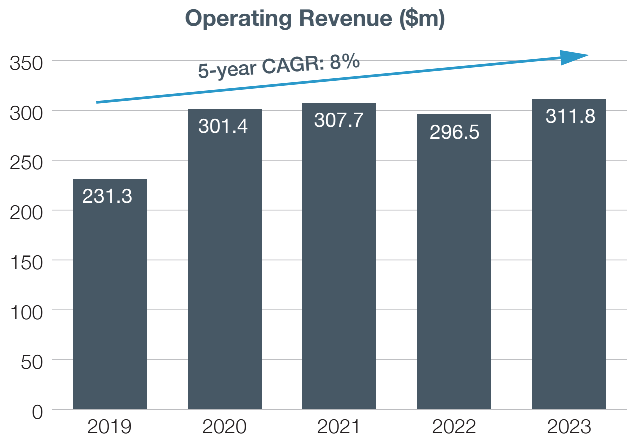
Changes from FY22 LTI Plan

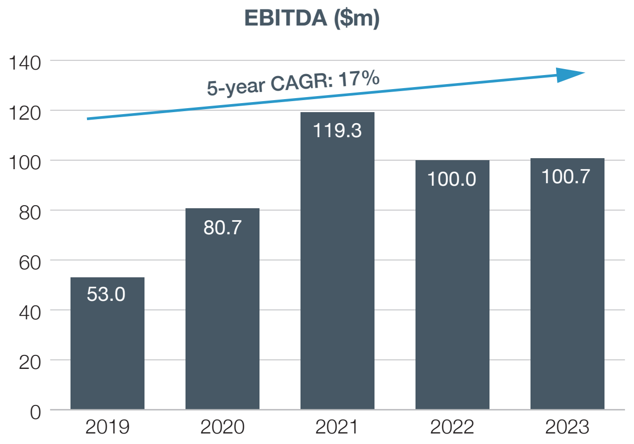
There have been no changes from the FY22 LTI plan.

3. How reward is linked to performance

(a) Performance against STI outcomes

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





For FY23, budget targets were established for Group Revenue and underlying EBITDA, and the STI financial payment gate was set with respect to these targets. During the year, Group Revenue and EBITDA achieved or exceeded the budget targets and, on a linear basis, the financial payments were paid out at 100% and 140% respectively. Under the STI plan, an STI award of 120.1% to 124.9% of these financial targets was met. For the non-financial goals, 100% of targets were achieved this year (refer to the table below). Refer to the operational and financial review section of the Directors' Report for further information about the Group's FY23 performance.

	FY23			FY22		
	Total Opportunity $	Awarded 70% Financial	Awarded 30% KPIs	Total Opportunity $	Awarded 70% Financial	Awarded 30% KPIs
Andrew Hansen	458,006	124.9%	100.0%	371,423	100.0%	83.3%
Cameron Hunter(1)	–	–	–	110,696	100.0%	100.0%
Darren Meade	130,804	120.1%	100.0%	109,177	100.0%	87.5%
Graeme Taylor	141,231	120.1%	100.0%	117,881	100.0%	97.0%
Richard English(2)	46,508	120.1%	100.0%	–	–	–

(1) Cameron Hunter ceased to be an Executive KMP with effect from 29 July 2022.

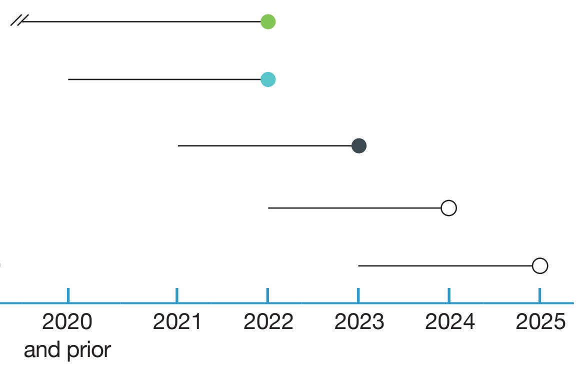
(2) Richard English commenced his role as Chief Financial Officer on 22 February 2023 and became an Executive KMP on that date. His total opportunity has a 50% financial and a 50% non-financial target and is apportioned from the date he became an Executive KMP.

(b) Performance against equity outcomes

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

The following table sets out the different incentive plans with equity outcomes in FY23 and future financial years and their specific grant details and performance measures:

Grant date	Plan	Security	Performance Measure/s	Sect. 3 Ref.	Status
2 Sep 2019	FY20	Right	2-yr cont. employment after achieving FY20 STI measures(1)	(b)(ii)	
2 Sep 2019	FY20	Right	EPSa, rTSR, 3-yr cont. employment	(b)(i)	
1 Jul 2020	FY21	Right	2-year cont. employment after achieving FY21 STI measures(2)	(b)(ii)	
15 Sep 2021	FY22	Right	Group Revenue, rTSR, 3-yr cont. employment	(b)(iii), (b)(v)	
15 Sep 2022	FY23	Right	Group Revenue, rTSR, 3-yr cont. employment	(b)(iv), (b)(v)	



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

(2) Applies to all KMP, except for the new CFO (KMP).

Key:

— Measurement period

● 150% of EPSa-linked rights and 137% of the rTSR-linked rights vested on 30 June 2022 and exercised on 19 August 2022.

● 100% of the STI measure-linked rights vested on 30 June 2022 and exercised on 19 August 2022.

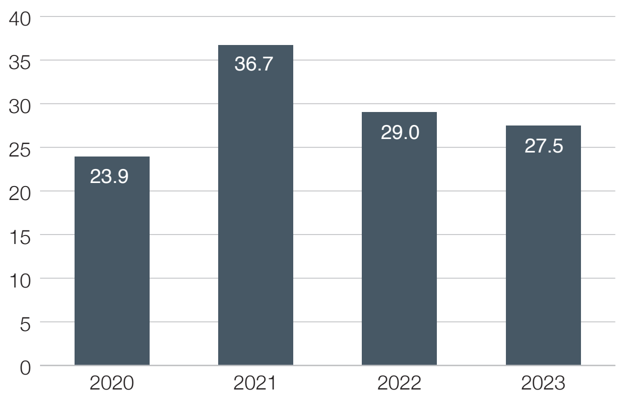
● 135% of the STI measure-linked rights vested on 30 June 2023.

○ Yet to vest

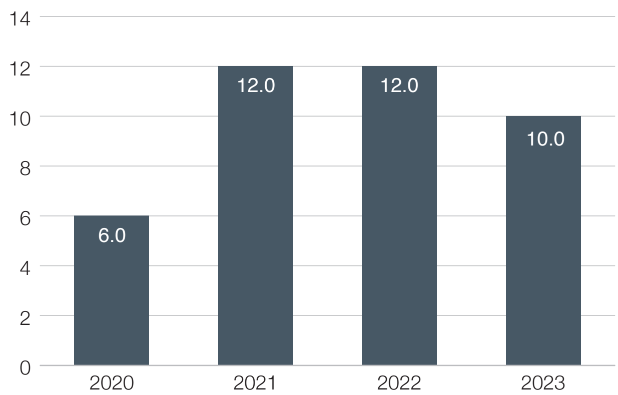
i. Performance against LTI plan measures (FY20 and FY21 LTI plans)

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

Adjusted EPS (EPSa) (cents)



Dividends paid* (cents per share)



* Amount of dividends paid represents the return on shareholder value. However, the amount of dividends paid is not in itself a performance measure included in the FY20 to FY21 plans, but is included as part of the calculation of relative TSR.

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

Performance outcomes against FY20 LTI plan measures

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

(ii) Performance against FY20 and FY21 STI plan measures

Performance outcomes against FY20 Deferred STI plan measures

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

Performance outcomes against FY21 enhanced STI plan measures

The STI financial payment gate, which was set with respect to Group Revenue and EBITDA coupled with the non-financial KPIs in the financial year ended 30 June 2021 has been achieved at 135%. The enhanced STI plan is based on achievement of specific annual financial and non-financial KPIs and is subject to a two-year deferral period with continuous employment of all Executive KMP. Except for the performance rights discussed on Section 8(b)(ii), KMP FY20 STI plan vested at 135% of the entitlement on 30 June 2023 and was subsequently exercised on 14 August 2023.

(iii) Performance against FY22 LTI plan measures

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

(iv) Performance against FY23 LTI plan measures

Performance rights granted in FY23 have performance conditions attached that will be measured over three years.

(v) Performance rights granted in FY23

The table below sets out the value of LTI performance rights granted in FY23 and FY22 LTI plans.

	FY23	FY22
	Value Granted[1] $	
Andrew Hansen	353,337	371,870
Darren Meade	83,088	87,445
Graeme Taylor	89,711	94,416
Cameron Hunter[2]	–	88,662
Richard English[3]	22,152	–

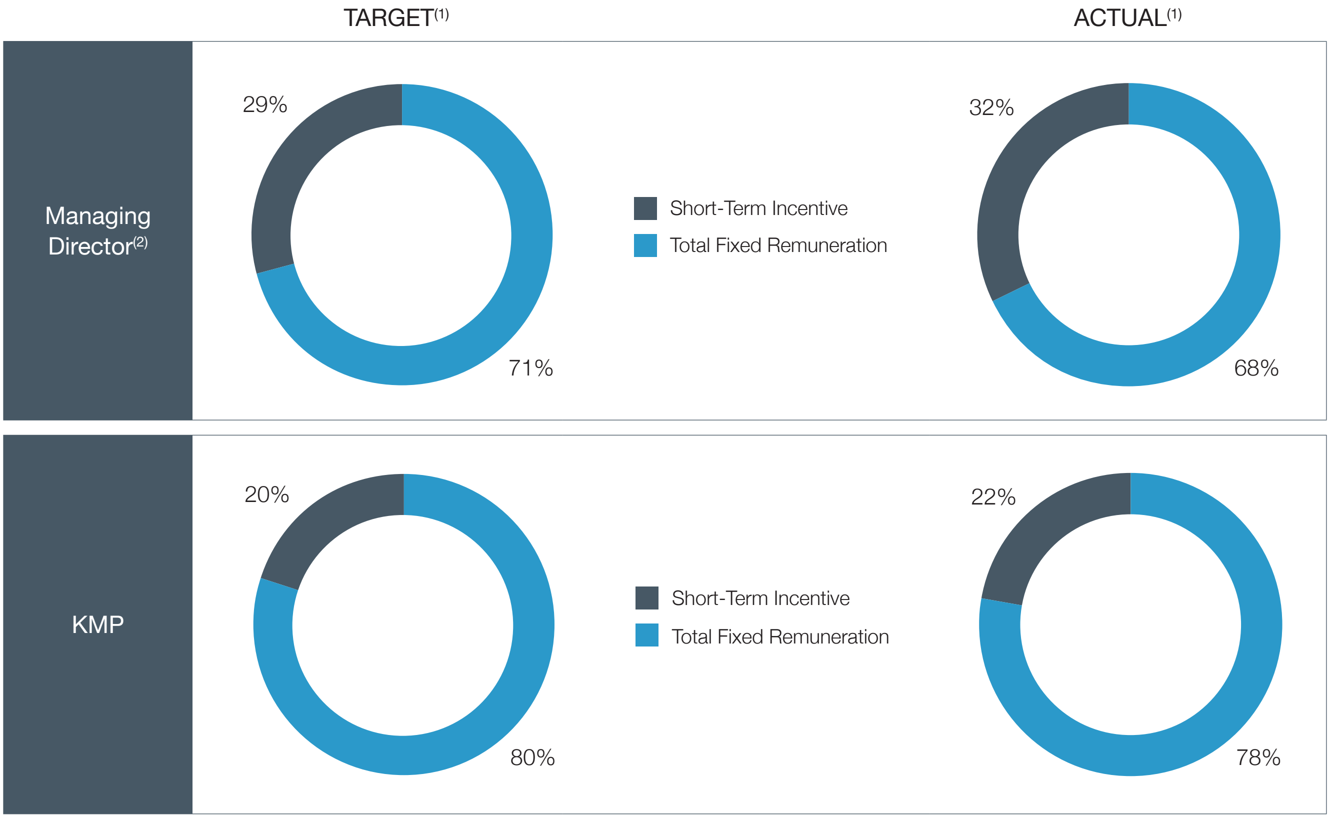
(1) Represents the value of performance rights at grant date, calculated in accordance with AASB 2 *Share-based Payment*. The fair value of the rights has been determined by an independent external valuation expert in accordance with Australian Accounting Standards. The fair value of the LTI rights was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

(2) Cameron Hunter ceased to be a KMP with effect from 29 July 2022.

(3) Richard English commenced as an Executive KMP on 22 February 2023. The numbers presented above reflect the apportioned value granted when he commenced as an Executive KMP.

(c) Total remuneration mix

The following diagrams set out the proportional mix of remuneration for the Managing Director and KMP at both the target amount and the actual remuneration achieved for FY23:



(1) Target and actual remuneration mix is calculated based on the combination of each Managing Director and KMP's total fixed remuneration for FY23 and the value of STIs awarded in relation to actual performance outcomes for FY23 in cash.

(2) Actual remuneration for FY23 refers to the remuneration of the Managing Director and former CEO, Andrew Hansen. On 19 June 2023, he transitioned the operational tasks to Graeme Taylor who was promoted to CEO. The current CEO's actual remuneration is included under KMP.

4. Remuneration details: Executive KMP

(a) Statutory remuneration details

Details of Executive KMP remuneration for the 2023 and 2022 financial years are set out in the table below:

		Fixed Remuneration					Variable Remuneration		Total	
Executive KMP	Year	Cash Salary $	Super $	Non-monetary Benefits $	Annual & Long Service Leave $	Total $	STI[1][2] Awarded $	LTI[2] Fair Value $	Total $	Performance Related %
Andrew Hansen	2023	930,003	27,500	2,342	(33,294)	926,551	649,876	241,735	1,818,162	49%
	2022	895,630	27,500	30,722	44,962	998,814	544,722	386,998	1,930,534	48%
Cameron Hunter[3]	2023	185,766	–	–	363,097	548,863	–	–	548,863	0%
	2022	427,863	27,500	14,444	(20,351)	449,456	205,023	135,119	789,598	43%
Darren Meade	2023	441,028	27,500	2,791	(5,466)	465,853	173,369	56,844	696,066	33%
	2022	421,847	27,500	–	15,464	464,811	157,305	75,831	697,947	33%
Graeme Taylor	2023	478,799	27,500	26,973	(37,885)	495,387	182,024	61,376	738,787	33%
	2022	457,272	27,500	–	4,445	489,217	166,867	76,211	732,295	33%
Richard English[4]	2023	176,595	272	–	(1,114)	175,753	44,512	21,435	241,700	27%
	2022	–	–	–	–	–	–	–	–	0%
Total	2023	2,212,191	82,772	32,106	285,338	2,612,407	1,049,781	381,390	4,043,578	35%
	2022	2,202,612	110,000	45,166	44,520	2,402,298	1,073,917	674,159	4,150,374	42%

(1) Represents STI awarded and accrued in relation to actual performance during the 2023 and 2022 financial years. This includes performance rights granted as remuneration that are valued at grant date in accordance with AASB 2 *Share-based Payment* and are amortised over the vesting period.

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

(3) Cameron Hunter ceased to be an Executive KMP with effect from 29 July 2022. A total of $548,863 of termination benefits was paid during the financial year.

(4) Richard English commenced as an Executive KMP on 22 February 2023. The numbers presented above reflect his remuneration from when he commenced his role as an Executive KMP.

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

Performance rights issued under the Group's FY23 LTI plan during the year are subject to the service and performance criteria as described on pages 42 to 43.

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

Name and Grant Date	Plan	Type	Opening Balance	Granted	Vested, Exercised and Other Changes	Closing Balance at 30 June 2023
Andrew Hansen						
15 Sep 2022*	FY23	LTI	–	94,475	–	94,475
15 Sep 2021	FY22	LTI	74,523	–	–	74,523
1 Jul 2020	FY21	STI(1)	213,189	–	–	213,189
2 Sep 2019	FY20	LTI(3)	172,156	–	(172,156)	–
Sub-total			459,868	94,475	(172,156)	382,187
Graeme Taylor						
15 Sep 2022	FY23	LTI	–	23,987	–	23,987
15 Sep 2021	FY22	LTI	18,921	–	–	18,921
1 Jul 2020	FY21	STI(1)	45,325	–	–	45,325
2 Sep 2019	FY20	STI(2)	8,927	–	(8,927)	–
2 Sep 2019	FY20	LTI(3)	29,281	–	(29,281)	–
Sub-total			102,454	23,987	(38,208)	88,233
Darren Meade						
15 Sep 2022	FY23	LTI	–	22,216	–	22,216
15 Sep 2021	FY22	LTI	17,524	–	–	17,524
1 Jul 2020	FY21	STI(1)	47,295	–	–	47,295
2 Sep 2019	FY20	STI(2)	9,315	–	(9,315)	–
2 Sep 2019	FY20	LTI(3)	30,553	–	(30,553)	–
Sub-total			104,687	22,216	(39,868)	87,035
Cameron Hunter(4)						
15 Sep 2021	FY22	LTI	17,768	–	(17,768)	–
1 Jul 2020	FY21	STI(1)	47,065	–	(47,065)	–
2 Sep 2019	FY20	STI(2)	9,270	–	(9,270)	–
2 Sep 2019	FY20	LTI(3)	30,405	–	(30,405)	–
Sub-total			104,508	–	(104,508)	–
Richard English(5)						
15 Sep 2022	FY23	LTI	–	5,923	14,002	19,925
15 Sep 2021	FY22	LTI	–	–	10,485	10,485
1 Jul 2020	FY21	LTI	–	–	20,408	20,408
Sub-total			–	5,923	44,895	50,818
Sub-total		STI(1),(2)	380,386	–	(74,577)	305,809
Sub-total		LTI(3)	391,131	146,601	(235,268)	302,464
Grand Total			771,517	146,601	(309,845)	608,273

* The Board has resolved to issue 94,475 rights to Andrew Hansen, the Managing Director and an additional 47,238 rights on overachievement of targets, as part of the 2022 LTI plan issued in FY23. The issuance of these rights was approved by shareholders at the Company's Annual General Meeting on 24 November 2022. Any differences in the fair value of the performance rights between the original grant date by the Board and the date of shareholder approval is not material to the remuneration awarded.

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

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

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

(4) Cameron Hunter, former Chief Operating Officer ceased to be an Executive KMP with effect from 29 July 2022.

(5) Richard English commenced as an Executive KMP on 22 February 2023. The balance presented above include 44,895 rights, which were held prior to his commencement of his new role as an Executive KMP.

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

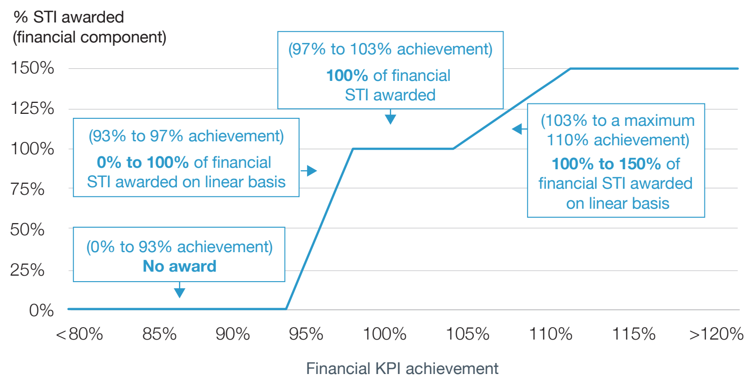
Grant Date	Vesting Date	Type	Value Per Right at Grant Date	Performance Achieved	% Vested	Number of Rights on 30 June 2023
1 Jul 2020	30 Jun 2023	STI[1]	$2.70	135%	135%	305,809
15 Sep 2022	30 Jun 2024	LTI	$4.99	–	–	110,968
15 Sep 2022	30 Jun 2025	LTI	$3.74	–	–	146,601

(1) STI performance rights granted on 1 July 2020 have exceeded the required specific annual financial and non-financial KPIs and vested on an accelerated basis paying 135% of the entitlement on 30 June 2023. These rights were exercised on 14 August 2023.

5. FY24 Incentive Plan

(a) Short-Term Incentive Plan

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

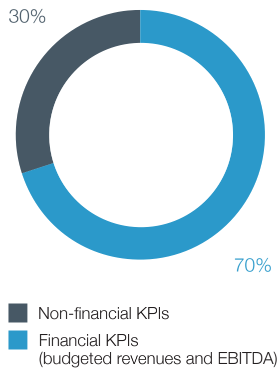
Financial KPIs (70% total STI)	
Non-financial KPIs (30% total STI)	Non-financial KPIs are assessed and awarded up to a maximum of 100% based on specific outcomes.

How is performance measured?

Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of delivering the best possible outcome over the next 12 months given the current economic environment. Financial measures selected are measures against which management and the Board assess the short-term financial performance of the Group. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to the Group within that individual's level of responsibility. These objectives are determined by the Managing Director and the Board in accordance with the process set out on page 39.

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

The selection of **non-financial KPIs** varies depending on each KMP's roles and responsibilities within the Group. These may include achievement of specific strategic projects that drive the best possible outcome over the next 12 months. Each KMP may have a number of separate non-financial KPIs. Achievement of each individual's non-financial KPIs is determined by reference to an assigned performance rating determined by the Managing Director and the Board at the end of the financial year in accordance with the process described on page 39.



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

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

What happens if an executive leaves?

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

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

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

Changes from the FY23 STI Plan

There have been no changes from the FY23 STI Plan.

(b) Long-Term Incentive Plan

Objective	To align the rewards attainable by Executive KMP with the achievement of long-term strategic and financial objectives of the Group that are directly aligned with increasing shareholder value. Eligibility to participate in the LTI scheme is determined by the Board and is targeted at senior executives whose role contributes significantly to the performance of the Group.
How is it paid?	LTIs are awarded as performance rights on achievement of certain thresholds reflective of shareholder value delivered. Each performance right entitles the eligible executive to be issued with a share.

How much can executives earn?

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

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

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

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

How is performance measured?

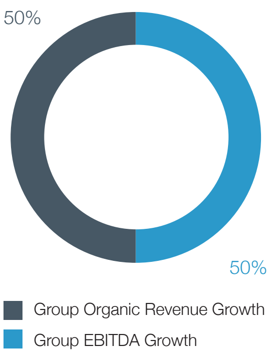
Vesting of the LTI awards are subject to the following criteria:

1. Three years of continuous employment with the Group from 1 July 2022 to 30 June 2025.
2. Adherence with appropriate malus provisions over the measurement period.
3. Satisfaction of key hurdles including minimum Revenue CAGR and achievement of minimum EBITDA margins across the three years.
4. Achievement of the thresholds over the same three-year period as set out below:

Group Organic Revenue Growth

Achievement of minimum Organic Revenue Growth targets across the three-year period.

Organic Revenue Growth is a transparent, metric that drives sustainable performance.
It motivates executives to prioritise customer relationships, product improvement, and operational efficiency for long-term sustainable revenue streams.



Group EBITDA Growth

Achievement of minimum EBITDA Growth targets across the three-year period.

EBITDA growth drives efficiency and sustainable cash flow performance. It evaluates KMP consistently, enhances shareholder value, and supports and encourages Hansen's long-term success.

The proportion of rights that may vest based on both the Organic Revenue Growth and EBITDA growth targets is determined based on the following vesting schedule:

Percentage achievement against Revenue and EBITDA targets	Percentage of Performance Rights That Will Vest
< 93%	None
> 93% < 97%	0% to 100% on a linear basis
> 97% < 103%	100%
>103% <110%	100% to 150% on a linear basis

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

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

What happens if an executive leaves?	If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the unvested performance rights will vest on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the vesting of the performance rights, unvested rights may vest on a pro-rata basis according to the eligible period of time served up until the termination date at the Board's discretion. If termination of employment occurs for serious misconduct all vested and unvested rights will be forfeited and will lapse.
Changes from the FY23 LTI Plan	The FY24 LTI scheme replaces the previous two LTI measurements of Relative Total Shareholder Return (rTSR) and 12.5% Revenue CAGR and introduces two new financial measurement criterion, achievement of Board defined three-year cumulative organic revenue and EBITDA growth targets.

6. Contractual arrangements with Executive KMP

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

Component	Approach for Managing Director and CEO	Approach for Other Executive KMP
Total Fixed Remuneration	Range between $727,500 and $975,000[(1)]	Range between $465,000 and $496,000
Contract duration	Ongoing	Ongoing
Notice by individual/company	6 months	1 – 3 months
Termination of employment (without cause)	The Board has discretion to allow some or all STI entitlements to be paid out on a pro-rata basis aligned to time, where termination occurs by way of resignation or dismissal (e.g., death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board). In other forms of without cause terminations, the STI will be reduced proportionately to reflect the portion of the Measurement Period, but there is no other impact to the executive's entitlement. The Board has discretion to allow unvested LTIs to vest on a pro-rata basis aligned to time. Where this discretion is not exercised, such unvested rights will lapse.	
Termination of employment (with cause)	STI is forfeited. All unvested LTIs are forfeited. All vested but unexercised LTIs are forfeited.	

(1) With effect from 19 June 2023, Andrew Hansen transitioned the operational tasks to Graeme Taylor, who was promoted to Chief Executive Officer. Andrew Hansen has remained as Managing Director.

7. Remuneration details: Non-Executive KMP

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

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

The Non-Executive Director fee pool currently has a maximum value of $780,000 per annum, as approved by shareholders at the 2022 AGM and received strong support with a vote of 98.27% in favour.

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

	2023 ($)	2022 ($)
Board fees		
Chairman	158,076	149,800
Other Non-Executive Directors	89,485	84,800
Committee fees		
Audit and Risk Committee – chair	9,000	9,000
Audit and Risk Committee – member	5,000	5,000
Remuneration Committee – chair	9,000	9,000
Remuneration Committee – member	5,000	5,000

			Fixed Remuneration	
Non-Executive Director	Year	Salary and Fees ($)	Super ($)	Total ($)
David Trude	2023	142,991	15,014	158,005
	2022	149,818	14,982	164,800
Bruce Adams	2023	85,718	9,000	94,718
	2022	88,454	8,845	97,299
Lisa Pendlebury	2023	92,649	9,728	102,377
	2022	25,697	2,570	28,267
Don Rankin	2023	94,309	9,902	104,211
	2022	103,454	10,345	113,799
David Osborne	2023	85,718	9,000	94,718
	2022	88,454	8,845	97,299
David Howell(1)	2023	139,558	14,654	154,212
	2022	117,091	11,709	128,800
Total	**2023**	**640,943**	**67,298**	**708,241**
	2022	**572,968**	**57,296**	**630,264**

(1) During the year, David Howell was paid an extra $30,000 for consulting services performed for the Company.

8. Share-based remuneration disclosures

(a) Shareholdings of KMP

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

	Balance 30 June 2022	Received During the Year on Exercise of Performance Rights	Other Changes During the Year	Balance 30 June 2023
Non-Executive Directors				
David Trude	109,388	–	2,290	111,678
Bruce Adams[(1)]	34,891,417	–	–	34,891,417
Lisa Pendlebury	7,419	–	6,450	13,869
Don Rankin	25,000	–	–	25,000
David Osborne[(1)]	35,125,448	–	–	35,125,448
David Howell	33,290	–	10,515	43,805
Executive KMP				
Andrew Hansen[(1)]	35,277,917	172,156	–	35,450,073
Graeme Taylor	244,214	38,208	4,981	287,403
Darren Meade	150,193	39,868	(100,286)	89,775
Richard English[(2)]	–	–	29,599	29,599
Cameron Hunter[(3)]	1,274,413	104,508	(1,378,921)	–
Joint interest[(1)]	(69,478,226)	–	–	(69,478,226)
Total	37,660,473	354,740	(1,425,372)	36,589,841

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

(2) Richard English commenced as an Executive KMP on 22 February 2023. The closing balance disclosed reflects the numbers held when he commenced as an Executive KMP.

(3) Cameron Hunter ceased to be a KMP with effect from 29 July 2022.

(b) Shares issued on exercise of performance rights

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

(i) FY20 LTI and STI plan

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

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

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

	Number of Shares Issued	Value Exercised[1] $
STI		
Cameron Hunter[2]	9,270	54,137
Darren Meade	9,315	54,400
Graeme Taylor	8,927	52,134
LTI		
Andrew Hansen	172,156	1,005,391
Cameron Hunter	30,405	177,565
Darren Meade	30,553	178,430
Graeme Taylor	29,281	171,001

(1) Represents the intrinsic value of performance rights that were exercised during the financial year 2023 up to the date of the remuneration report, which is the value of shares at the date of the exercise.

(2) Cameron Hunter ceased to be a KMP with effect from 29 July 2022.

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

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

	Number of Shares Issued	Value Exercised* $
FY21 Enhanced STI Plan	47,065	274,860
FY22 LTI Plan	17,768	103,765

* Represents the intrinsic value of performance rights that were exercised during the financial year 2023 up to the date of the remuneration report, which is the value of shares at the date of the exercise.

On 30 June 2023, the FY21 plan vested. The performance rights were subsequently exercised on 14 August 2023. A total of 326,217 shares were issued to the Executive KMP on that date. Refer to Section 3(b)(ii) Performance outcomes against FY21 STI plan measures.

The share price as at the exercise date, 14 August 2023 was $5.30 per share.

The below table sets out the value of performance rights under the FY21 LTI and STI plan that were exercised.

	Number of Shares Issued	Value Exercised* $
STI and LTI		
Andrew Hansen	213,189	1,129,902
Darren Meade	47,295	250,664
Graeme Taylor	45,325	240,223
Richard English	20,408	108,162

* Represents the intrinsic value of performance rights that were exercised during the financial year 2023 up to the date of the remuneration report, which is the value of shares at the date of the exercise.

9. Other transactions with KMP

Rental agreements with the Managing Director and other KMP

The Group leased its Melbourne head office and its York Street (South Melbourne) office from entities in which the Managing Director is a Director up until 29 July 2022 and 17 June 2022, respectively. These properties were sold to non-related parties during these dates. In addition, the Group rents an apartment in New York City, USA, on an as-required basis at a rate favourable to the Group. The apartment is owned by the Managing Director. The terms and conditions of the lease and other property arrangements are no more favourable than those available, or which might reasonably be expected to be available, from others on an arm's length basis.

The total lease and rental payments during the 2023 financial year related to these arrangements were $40,713.

Bruce Adams and David Osborne held a joint indirect interest in the entity that is a lessor to the Melbourne and South Melbourne arrangements as described above. The transactions relating to the Group's Melbourne head office and South Melbourne property have ceased to be related party transactions of the Group from the date when these properties were sold to non-related parties.

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

10. Employee Share Trust

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

Signed in accordance with a resolution of the Directors.

David Trude
Chair

Andrew Hansen
Managing Director

Melbourne
23 August 2023

RSM Australia Partners

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

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

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hansen Technologies Limited and its controlled entities for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 23 August 2023
Melbourne, Victoria

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Operating revenue	3	311,766	296,545
Other income	3	3,458	848
Total revenue and other income		**315,224**	**297,393**
Employee benefit expenses	5	(166,878)	(154,923)
Depreciation expense	5	(11,031)	(9,973)
Amortisation expense	5	(33,269)	(32,144)
Property and operating rental expenses	5	(3,678)	(3,635)
Contractor and consultant expenses		(5,928)	(5,707)
Software licence expenses		(2,697)	(2,168)
Hardware and software expenses		(21,373)	(19,663)
Travel expenses		(2,257)	(1,086)
Communication expenses		(1,847)	(1,888)
Professional expenses		(5,158)	(4,954)
Finance costs on borrowings	5	(4,115)	(3,641)
Finance costs on lease liabilities	5	(772)	(854)
Foreign exchange gains/(losses)	5	2,741	(2,358)
Other expenses		(4,637)	(3,359)
Total expenses		**(260,899)**	**(246,353)**
Profit before income tax expense		54,325	51,040
Income tax expense	6(a)	(11,530)	(9,100)
Net profit after income tax expense		**42,795**	**41,940**
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit and loss			
Net gain on hedges of net investments	22(a)	–	26
Exchange differences on translation of foreign entities, net of tax	22(a)	(277)	2,405
Other comprehensive income/(expense) for the year, net of tax		**(277)**	**2,431**
Total comprehensive income for the year		**42,518**	**44,371**
Basic earnings (cents) per share attributable to ordinary equity holders of the Company	7	21.1	20.9
Diluted earnings (cents) per share attributable to ordinary equity holders of the Company	7	20.8	20.6

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 64 to 116.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	8	54,279	59,631
Receivables	9	57,152	56,010
Accrued revenue	3(a)(ii)	28,319	21,657
Current tax receivable		–	2,924
Other current assets	10	7,303	9,048
Total current assets		147,053	149,270
Non-current assets			
Plant, equipment & leasehold improvements	11	15,051	14,444
Intangible assets	12	332,820	344,475
Right-of-use assets	13(a)	13,648	12,968
Deferred tax assets	6(b)	6,581	7,781
Other non-current assets	10	1,434	1,889
Total non-current assets		369,534	381,557
Total assets		**516,587**	**530,827**
Current liabilities			
Payables	14	25,028	23,989
Lease liabilities	13(b,e)	5,434	5,662
Current tax payable		509	–
Provisions	15, 16	14,127	14,990
Unearned revenue	3(a)(ii)	32,854	36,821
Total current liabilities		77,952	81,462
Non-current liabilities			
Deferred tax liabilities	6(b)	33,960	35,588
Borrowings	19	54,309	87,912
Lease liabilities	13(b)	9,563	8,213
Provisions	15, 16	409	514
Unearned revenue	3(a)(ii)	1,514	4,030
Total non-current liabilities		99,755	136,257
Total liabilities		**177,707**	**217,719**
Net assets		**338,880**	**313,108**
Equity			
Share capital	20	148,688	146,857
Foreign currency translation reserve	22(a)	7,259	7,536
Share-based payments reserve	22(b)	12,285	10,629
Retained earnings	22(c)	170,648	148,086
Total equity		**338,880**	**313,108**

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 64 to 116.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2022		146,857	18,165	148,086	313,108
Net profit after income tax expense for the year	22(c)	–	–	42,795	42,795
Exchange differences on translation of foreign entities, net of tax	22(a)	–	(277)	–	(277)
Total comprehensive income for the year		–	(277)	42,795	42,518
Transactions with owners in their capacity as owners:					
Share-based payment expense – performance rights	17(c)	–	1,528	–	1,528
Tax associated with employee share-based plans	6(b)(iv)	–	128	–	128
Equity issued under dividend reinvestment plan	20(b)	1,831	–	–	1,831
Dividends declared	22(c)	–	–	(20,233)	(20,233)
Total transactions with owners in their capacity as owners		1,831	1,656	(20,233)	(16,746)
Balance as at 30 June 2023	20, 22	148,688	19,544	170,648	338,880

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

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 64 to 116.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		331,672	353,917
Payments to suppliers and employees		(240,116)	(235,627)
Interest received	3	110	63
Finance costs on borrowings	5	(3,964)	(2,049)
Finance costs on lease liabilities	5,13(b)	(772)	(854)
Income tax paid		(8,108)	(24,219)
Net cash inflow from operating activities	8(a)	78,822	91,231
Cash flows from investing activities			
Payments for plant, equipment and leasehold improvements	11	(4,757)	(6,015)
Proceeds from disposal of non-financial assets		–	105
Payments for capitalised software development costs	12	(21,140)	(15,604)
Net cash outflow from investing activities		(25,897)	(21,514)
Cash flows from financing activities			
Repayment of borrowings	19(a)	(33,615)	(33,574)
Establishment of loan fees	19(a)	(201)	(400)
Repayment of lease liabilities	13(d)	(6,188)	(5,996)
Dividends paid, net of dividend re-investment	21	(18,403)	(22,440)
Net cash outflow from financing activities		(58,407)	(62,410)
Net (decrease)/increase in cash and cash equivalents		(5,482)	7,307
Cash and cash equivalents at beginning of year		59,631	52,138
Effects of exchange rate changes on cash and cash equivalents		130	186
Cash and cash equivalents at end of the year	8	54,279	59,631

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 64 to 116.

SECTION A: BASIS OF PREPARATION

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

1. Basis of preparation

(a) Basis of preparation of the Financial Report

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

The Financial Report covers the Group, being Hansen Technologies Limited ("the Company") and its controlled entities as a consolidated entity. The Company is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Level 2, 31 Queen Street, Melbourne, Victoria 3000. The Company is a for-profit entity for the purposes of preparing the Group's financial statements.

This Financial Report was authorised for issue by the Directors on 23 August 2023.

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

Compliance with IFRS

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Significant Accounting Estimate and Judgement	Note	Page Reference
Provision for expected credit losses of trade receivables	9	82
Capitalisation of research and development costs	12	86
Impairment of goodwill	12	87
Impairment of non-financial assets other than goodwill	12	85
Determining the lease term of contracts with renewal and termination options – Group as a lessee	13	92
Estimating the incremental borrowing rate	13	92
Share-based payments	17	99

(b) Principles of consolidation

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

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

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

(c) Comparatives

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

(d) Rounding amounts

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

(e) Going concern

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

SECTION B: PERFORMANCE

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

2. Segment information

(a) Description of segments

Management has determined the Group's operating segments based on the reports reviewed by the Managing Director.

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

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

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

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

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

(b) Segment information

2023	Billing $'000	Other $'000	Total $'000
Segment revenue			
Total segment revenue	305,012	6,754	311,766
Revenue from external customers	305,012	6,754	311,766
Segment profit			
Total segment profit	58,700	1,392	60,092
Segment profit from core operations	58,700	1,392	60,092
Items included within the segment profit:			
Depreciation expense	9,830	52	9,882
Amortisation expense	32,491	6	32,497
Total segment assets	448,272	13,753	462,025
Additions to non-current assets(1)	25,897	–	25,897
Total segment liabilities	173,194	3,620	176,814

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

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

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

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

	Note	2023 $'000	2022 $'000
Segment revenue	3	311,766	296,545
Total operating revenue		**311,766**	**296,545**

Geographical segments

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

The Group's business segments operate geographically as follows:

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

Product segments

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

Product	Description of Product
Licence, support and maintenance	Billing application licence, support and maintenance services delivered as part of a total billing system solution.
Services	Application service fees received for, upgrades, configuration, implementation and customisation.
Hardware and software sales	Provision of other third-party hardware and software licences to customers of the Group's billing system solutions.
Other	Includes reimbursed expenses incurred for servicing the customer contract.

2. Segment information (continued)

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

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

2023	Billing $'000	Other $'000	Total $'000
Products			
Licence, support and maintenance	170,123	4,332	174,455
Services	133,620	2,287	135,907
Hardware and software sales	897	–	897
Other revenue	372	135	507
Total revenue from contracts with customers	**305,012**	**6,754**	**311,766**
Revenue by market vertical			
Energy	157,926	1,721	159,647
Communications	147,086	32	147,118
Other	–	5,001	5,001
Total revenue from contracts with customers	**305,012**	**6,754**	**311,766**
Revenue by geographic segment			
APAC	52,261	5,049	57,310
Americas	69,216	1,705	70,921
EMEA	183,535	–	183,535
Total revenue from contracts with customers	**305,012**	**6,754**	**311,766**
Timing of revenue recognition			
Goods and services transferred at a point in time	35,657	135	35,792
Services transferred over time	269,355	6,619	275,974
Total revenue from contracts with customers	**305,012**	**6,754**	**311,766**

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

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

	Note	2023 $'000	2022 $'000
Segment profit from core operations		60,092	55,282
Interest income	3	110	63
Unallocated depreciation and amortisation		(1,921)	(2,162)
Unallocated separately disclosed items impacting profit	4	-	(306)
Other expense		(3,956)	(1,837)
Profit before income tax		54,325	51,040
Income tax expense		(11,530)	(9,100)
Net profit after income tax expense		**42,795**	**41,940**

As at 30 June 2023, the separately disclosed items have been allocated to the Billing Segment as they are directly attributable to the segment.

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

	2023 $'000	2022 $'000
Segment assets	462,025	467,567
Unallocated assets		
– Cash	54,279	59,631
– Other	283	3,629
Total unallocated assets	54,562	63,260
Total assets	**516,587**	**530,827**

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

	2023 $'000	2022 $'000
APAC	56,114	57,240
Americas	203,459	205,758
EMEA	109,865	118,545
Unallocated assets	96	14
Total non-current assets	**369,534**	**381,557**

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

	2023 $'000	2022 $'000
Segment liabilities	176,814	217,349
Unallocated liabilities		
– Other	893	370
Total unallocated liabilities	893	370
Total liabilities	**177,707**	**217,719**

3. Revenue and other income

	Note	2023 $'000	2022 $'000
Operating revenue			
Revenue from contracts with customers	2(b)(i)	311,766	296,545
Total operating revenue		311,766	296,545
Other income			
From operating activities			
Interest income	2(b)(iii)	110	63
Profit from sale of non-financial assets	8(a)	–	55
Other income		3,348	730
Total other income		3,458	848
Total revenue and other income		315,224	297,393

(a) AASB 15 Revenue from Contracts with Customers

(i) Performance obligations

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

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at 30 June 2023, is $134,808,000 (2022: $103,377,000). This amount mostly comprises obligations in our long-term contracts to provide software or "software-as-a-service" (SaaS), support and maintenance, open long-term professional services contracts as well as licences contracted but not yet earned as the licence has not yet been deployed. A portion of this amount is expected to be recognised as revenue beyond the next 12 months following the respective consolidated statement of financial position date. This estimation is judgemental, as it needs to consider estimates of possible future contract modifications. The amount of transaction price allocated to the remaining performance obligations, and changes in this amount over time, are impacted by, among others, currency fluctuations and the remaining contract period of our billing solution agreements (which, in some cases, are contracted until 5 years after the consolidated statement of financial position date).

(ii) Contract balances

	2023 $'000	2022 $'000
Asset: Accrued revenue	28,319	21,657
Liability: Unearned revenue (current)	32,854	36,821
Liability: Unearned revenue (non-current)	1,514	4,030

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

Revenue recognised in the current financial year that was included in unearned revenue at the beginning of the current financial year was $38,075,000 (2022: $31,639,000), representing support and maintenance, professional services, software and SaaS delivered during the financial year.

(b) Government grants

Included in "Other income" during the financial year is $225,000 (2022: $280,000) of government grants received to compensate for eligible employee expenditure related to research activities performed in Norway and in the United Kingdom. There were no unfulfilled conditions or contingencies attached to these grants.

Significant accounting policies

Revenue

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

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

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

(i) Licence, support and maintenance revenue

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

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

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

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

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

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

3. Revenue and other income (continued)

(ii) Services revenue

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

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

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

(iii) Hardware/software sales revenue

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

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

(iv) Other revenue

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

(v) Financing components

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

(vi) Presentation and disclosure

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

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

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

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

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

Interest income

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

Sales tax (including GST and VAT)

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

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

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

Government grants

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

4. Separately disclosed items

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

	Note	2023 $'000	2022 $'000
Net (decrease)/increase to EBITDA			
Non-recurring items			
Other one-off costs		596	306
Non-recurring income		(1.755)	–
Total separately disclosed items	2(b)(iii)	**(1,159)**	**306**

For the financial year ended 30 June 2023, the Group recognised one-off costs relating to restructuring totalling $596,000 for the partial wind-down of a smaller talent centre. These costs, which primarily included redundancies and associated costs, are part of the Group's strategy to better integrate the business and align staffing according to customer demand. These costs are included within the "Employee benefit expenses" account in the Group's consolidated statement of comprehensive income. Additionally, a $1,755,000 provision relating to the acquisition of Sigma Systems in June 2019 was released in the current period. This release was included within the "Other Income" account in the Group's consolidated statement of comprehensive income.

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

(a) Reconciliation with Group statutory measures

	2023 $'000	2022 $'000
Underlying EBITDA	99,502	100,253
Less separately disclosed items	1,159	(306)
EBITDA[(1)]	**100,661**	**99,947**
Underlying net profit after tax before acquired amortisation, net of tax[(2)]	55,603	58,163
Less acquired amortisation, net of tax	(14,116)	(16,010)
Underlying net profit after tax[(3)]	41,487	42,153
Less separately disclosed items	1,159	(306)
Tax effect of separately disclosed items	149	93
Net profit after tax	**42,795**	**41,940**

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

(2) Underlying net profit after tax, before acquired amortisation, net of tax, or underlying NPATA, excludes separately disclosed items, which represent one-off costs incurred during the financial year and acquired amortisation, net of tax.

(3) Underlying net profit after tax or underlying NPAT excludes separately disclosed items, which represent the one-off costs during the financial year.

5. Profit from continuing operations

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

	Note	2023 $'000	2022 $'000
Employee benefit expenses			
Wages and salaries		154,535	143,129
Superannuation costs		10,815	9,357
Share-based payments and employee share plan expensed	8(a), 17(c)	1,528	2,437
Total employee benefit expenses		166,878	154,923
Depreciation expense			
Plant, equipment and leasehold improvements	11	4,634	3,919
Right-of-use assets	13(a)	6,397	6,054
Total depreciation of non-current assets	8(a)	11,031	9,973
Amortisation of non-current assets			
Technology and other intangibles	12	19,047	20,602
Software development costs	12	14,222	11,542
Total amortisation of non-current assets	8(a)	33,269	32,144
Property and operating rental expenses			
Other property-related expenses		3,678	3,635
Total property and operating rental expenses		3,678	3,635
Finance costs			
Finance costs on borrowings			
Prepaid borrowing costs	8(a),19(a)	151	1,592
Net finance costs on borrowings		3,964	2,049
Total cost on borrowings		4,115	3,641
Finance costs on lease liabilities	13(c)	772	854
Total finance costs		4,887	4,495
Net foreign exchange losses			
Realised foreign exchange (gain)/losses		(1,182)	770
Unrealised foreign exchange (gain)/losses	8(a)	(1,559)	1,588
Total net foreign exchange (gain)/losses		(2,741)	2,358

6. Income tax

(a) Components of income tax expense

	Note	2023 $'000	2022 $'000
Current tax expense		12,949	11,339
Movement in deferred tax relating to income tax expense	6(b)(iv)	(300)	(606)
Over provision in prior years		(1,119)	(1,633)
Total income tax expense		11,530	9,100

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

	Note	2023 $'000	2022 $'000
Prima facie income tax payable on profit before income tax at 30%		16,297	15,312
Add/(less) tax effect of:			
Impact of tax rates on foreign subsidiaries		(4,547)	(3,140)
Research and development allowances		(524)	(431)
Non-deductible share-based payments		–	(341)
Over provision in prior years		(1,119)	(1,633)
Utilisation of prior year tax losses not brought to account		(21)	(1,379)
Change in tax rate during the financial year		18	18
Amortisation of acquired intangibles		248	286
Other non-allowable items		1,178	408
Income tax expense attributable to profit		11,530	9,100

(b) Deferred tax

	Note	2023 $'000	2022 $'000
Deferred tax asset	6(b)(i)	6,581	7,781
Deferred tax liability	6(b)(ii)	(33,960)	(35,588)
Net deferred tax		(27,379)	(27,807)

(i) Deferred tax asset

The deferred tax asset balance comprises of the following items:

	Note	2023 $'000	2022 $'000
Other payables		702	1,446
Employee benefits		2,235	2,417
Temporary difference relating to lease accounting		1,766	2,181
Accruals and provisions		1,878	1,737
Deferred tax asset	6(b)	6,581	7,781

(ii) Deferred tax liability

The deferred tax liability balance comprises of the following items:

	Note	2023 $'000	2022 $'000
Research and development expenditure capitalised		(9,782)	(7,724)
Difference in depreciation of plant, equipment and leasehold improvements for accounting and income tax purposes		(3,569)	(2,221)
Difference in amortisation of intangible assets for accounting and income tax purposes		(17,555)	(21,772)
Share-based payments		(537)	(739)
Temporary difference relating to lease accounting		(1,577)	(2,045)
Other income not yet assessable		(505)	(626)
Other payables		(435)	(461)
Deferred tax liability	6(b)	(33,960)	(35,588)

(iii) Reconciliation of net deferred tax balances

	Note	2023 $'000	2022 $'000
Opening balance – net deferred tax liability		(27,807)	(28,634)
Tax income during the financial year	6(b)(iv)	428	827
Closing balance – net deferred tax liability	**6(b)**	**(27,379)**	**(27,807)**

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

Deferred tax recognised in income tax expense comprises of:

	Note	2023 $'000	2022 $'000
Decrease in deferred tax asset		1,200	1,623
Decrease in deferred tax liability		(1,628)	(2,450)
Tax income during the financial year	6(b)(iii)	(428)	(827)
Deferred tax credited directly to share-based payments reserve	8(a), 22(b)	128	221
Deferred tax recognised in income tax expense	6(a)	(300)	(606)

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

	2023 $'000	2022 $'000
Gross capital losses	847	847
Gross operating losses	257	202
Total	1,104	1,049

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

6. Income tax (continued)

Significant accounting policies

Income tax

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

Deferred tax balances

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

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

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

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

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

Tax consolidation

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

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

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

7. Earnings per share

	2023 $'000	2022 $'000
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings – ordinary shares	42,795	41,940
Diluted earnings – ordinary shares	42,795	41,940

	2023 No. of Shares	2022 No. of Shares
Weighted average number of ordinary shares used in calculating earnings per share:		
Number for basic earnings per share – ordinary shares	202,410,396	200,576,315
Number for diluted earnings per share – ordinary shares	205,588,213	203,174,502

	2023 Cents Per Share	2022 Cents Per Share
Basic earnings (cents) per share	21.1	20.9
Diluted earnings (cents) per share	20.8	20.6

Classification of securities as potential ordinary shares

As at 30 June 2023 and 30 June 2022, the securities that have been classified as potential ordinary shares and included in diluted earnings per share are the rights outstanding under the Employee Performance Rights Plan.

Significant accounting policies

Earnings per share (EPS)

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

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

SECTION C: WORKING CAPITAL AND OPERATING ASSETS

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

8. Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank and on hand	54,279	59,631
Total cash and cash equivalents	54,279	59,631

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

	Note	2023 $'000	2022 $'000
Net profit after tax		42,795	41,940
Add/(less) items classified as investing/financing activities:			
Net profit on sale of non-current assets	3	–	(55)
Add/(less) non-cash items:			
Depreciation and amortisation	5	44,300	42,117
Share-based payments	5,17(c)	1,528	2,437
Deferred tax income credited directly to share-based payments reserve	6(b)(iv)	128	221
Unrealised foreign exchange (gains)/losses	5	(1,559)	1,588
Recovery of previously charged expected credit loss	9	–	(84)
Expected credit loss charged	9	688	117
Lease impairment	13(a)	246	–
Amortisation of prepaid borrowing costs	5, 19(a)	151	1,592
Net cash generated from operating activities before change in assets and liabilities		88,277	89,873
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:			
Decrease in receivables and other assets		3,538	23,456
(Increase)/decrease in accrued revenue		(6,662)	2,646
Increase/(decrease) in creditors and liabilities		1,039	(14,329)
Decrease in operating and employee benefits provision		(968)	(1,371)
Decrease in deferred taxes		(428)	(827)
Increase/(decrease) in current tax payable		509	(13,907)
(Decrease)/increase in unearned revenue		(6,483)	5,690
Net cash inflow from operating activities		78,822	91,231

Significant accounting policies

Cash and cash equivalents

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

9. Receivables

	2023 $'000	2022 $'000
Current		
Trade receivables	55,608	56,534
Less: provision for expected credit losses	(1,487)	(921)
	54,121	55,613
Sundry receivables	3,031	397
Total trade and other receivables	57,152	56,010

As at 30 June 2023, trade receivables of $14,138,000 (2022: $18,453,000) were past due but not impaired. These relate to a number of unrelated customers for whom there is no recent history of default. The ageing analysis of the trade receivables is as follows:

Trade receivables ageing analysis at 30 June:	Gross 2023 $'000	Provided 2023 $'000	Gross 2022 $'000	Provided 2022 $'000
Not past due	39,983	–	37,160	–
Past due 1– 30 days	5,338	–	11,748	–
Past due 31– 60 days	4,979	–	4,179	–
Past due more than 61 days	5,308	(1,487)	3,447	(921)
Total	55,608	(1,487)	56,534	(921)

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

	Note	2023 $'000	2022 $'000
Movements in provision for expected credit loss:			
Opening balance at 1 July		921	1,457
Expected credit loss charged	8(a)	688	117
Recovery of previously charged expected credit loss	8(a)	–	(84)
Amounts written off		(706)	(616)
Others		584	47
Closing balance at 30 June		1,487	921

9. Receivables (continued)

Significant accounting policies

Trade receivables

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

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

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

Critical accounting estimate and judgement

Provision for expected credit losses of trade receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Therefore, where required, the Group will provide for specific debtors that are experiencing one-off instances that could result in a future loss.

10. Other assets

	2023 $'000	2022 $'000
Prepayments – current	7,112	7,321
Other assets – current	191	1,727
Total other current assets	**7,303**	**9,048**
Prepayments – non-current	1,390	1,559
Other assets – non-current	44	330
Total other non-current assets	**1,434**	**1,889**

11. Plant, equipment and leasehold improvements

	Note	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
At 1 July 2022		38,027	4,025	42,052
Additions	2(b)	4,708	49	4,757
Disposals		(221)	(266)	(487)
Net foreign currency movements arising from foreign operations		1,069	76	1,145
At 30 June 2023		43,583	3,884	47,467
Accumulated depreciation and impairment				
At 1 July 2022		(24,481)	(3,127)	(27,608)
Depreciation charge	5	(4,210)	(424)	(4,634)
Disposals		245	242	487
Net foreign currency movements arising from foreign operations		(624)	(37)	(661)
At 30 June 2023		(29,070)	(3,346)	(32,416)
Carrying amount at 30 June 2023		14,513	538	15,051

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

11. Plant, equipment and leasehold improvements (continued)

Significant accounting policies

Plant, equipment and leasehold improvements

Cost and valuation

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

Depreciation

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

The useful lives for each class of assets are:	2023	2022
Plant and equipment	3 to 15 years	3 to 15 years
Leasehold improvements	3 to 15 years	3 to 15 years

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

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

12. Intangible assets

	Note	Goodwill $'000	Technology and Other Intangibles at Cost $'000	Software Development at Cost $'000	Total $'000
Cost					
At 1 July 2022		221,406	192,014	107,689	521,109
Additions	2(b)	–	–	21,140	21,140
Net foreign currency movements arising from foreign operations		434	768	674	1,876
At 30 June 2023		221,840	192,782	129,503	544,125
Accumulated amortisation and impairment					
At 1 July 2022		(1,591)	(104,737)	(70,306)	(176,634)
Amortisation charge	5	–	(19,047)	(14,222)	(33,269)
Net foreign currency movements arising from foreign operations		(17)	(1,361)	(24)	(1,402)
At 30 June 2023		(1,608)	(125,145)	(84,552)	(211,305)
Carrying amount at 30 June 2023		220,232	67,637	44,951	332,820

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

Significant accounting policies

Goodwill

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

Technology and other intangibles

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

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

Research and development

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

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

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

Other development expenditure is recognised as an expense when incurred.

Impairment of non-financial assets

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

12. Intangible assets (continued)

Critical accounting estimate and judgement

Capitalisation of research and development costs

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

There has been an investment in research and development expenditure incurred in relation to the various billing software platforms in the 2023 financial year. Returns are expected to be derived from this investment over the coming year(s).

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

(a) Impairment test for goodwill

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

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

Key assumptions used for value-in-use calculations

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

- EBITDA for the first year based on financial budgets approved by the Board;
- Beyond the first year, profit before tax annual growth rate of 2% (2022: 1.5%);
- A post-tax discount rate of 8.3% (2022: 8.2%); and
- Terminal growth rate of 2% (2022: 1.5%) at the end of the forecast period.

Both the EBITDA growth rate beyond FY23 and the terminal growth rate ranges are derived from management's best estimate of revenue and operating expenditure growth, taking into account changes in the industry, customer market prospects, future product developments and technological innovation. Profit before income tax expense is then adjusted for amounts related to tax.

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

Critical accounting estimate and judgement

Impairment of goodwill

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

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

Impairment of non-financial assets other than goodwill

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

13. Leases

(a) Right-of-use assets

	2023 $'000	2022 $'000
Cost	29,318	28,494
Accumulated depreciation	(15,670)	(15,526)
Net carrying amount at 30 June	13,648	12,968

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

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

13. Leases (continued)

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

	Note	ROU Properties $'000	ROU Office Equipment $'000	ROU Vehicles $'000	Total $'000
Cost					
Balance as at 1 July 2022		28,325	81	88	28,494
Additions	13(b)	6,160	–	18	6,178
Re-measurement	13(b)	1,186	–	–	1,186
Make good provision		19	–	–	19
Impairment		(246)	–	–	(246)
Disposals		(6,789)	(11)	(35)	(6,835)
Exchange differences from foreign operations		514	3	5	522
Balance as at 30 June 2023		29,169	73	76	29,318
Accumulated depreciation					
Balance as at 1 July 2022		(15,432)	(28)	(66)	(15,526)
Depreciation charge	5, 13(c)	(6,356)	(21)	(20)	(6,397)
Disposals		6,498	11	35	6,544
Exchange differences from foreign operations		(286)	(2)	(3)	(291)
Balance as at 30 June 2023		(15,576)	(40)	(54)	(15,670)
Net book value as at 30 June 2023		13,593	33	22	13,648

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

In the financial year ended 30 June 2023, the cost of variable lease payments amounted to $10,000 (2022: $4,000). These variable lease payments do not depend on an index or a rate. These are included within the "Other Expenses" account in the consolidated statement of comprehensive income.

(b) Lease liabilities

	2023 $'000	2022 $'000
Current	5,434	5,662
Non-current	9,563	8,213
Total	14,997	13,875

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

	Note	2023 $'000	2022 $'000
Balance as at 1 July		13,875	16,874
Additions	13(a)	6,178	2,423
Re-measurement	13(a)	1,186	82
Disposals		(291)	(26)
Accretion of finance costs	13(c)	772	854
Payments of finance costs		(772)	(854)
Payments of principal amounts		(6,188)	(5,996)
Exchange differences from foreign operations		237	518
Balance as at 30 June		14,997	13,875

(c) Impact to profit or loss

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

	Note	2023 $'000	2022 $'000
Depreciation expense of ROU assets	13(a)	6,397	6,054
Finance costs on lease liabilities	5, 13(b)	772	854
Variable lease payments		10	4
Income from sub-leasing of ROU assets		(83)	(33)
Total amount recognised in profit or loss		7,096	6,879

(d) Impact to cashflows

The Group had total cash outflows for leases of $6,960,000 for the year ended 30 June 2023 (2022: $6,850,000). Out of the $6,960,000 (2022: $6,850,000) cash outflows, $6,188,000 (2022: $5,996,000) relates to cash outflows from financing activities (principal payments), while the remaining balance relates to cash outflows from operating activities (finance costs on lease liabilities). The Group also had non-cash additions of ROU assets of $6,178,000 (2022: $2,423,000) and lease liabilities of $6,178,000 (2022: $2,423,000) during the financial year.

13. Leases (continued)

(e) Future lease payments

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

	Note	2023 $'000	2022 $'000
Less than 6 months	18(b), 23	3,280	3,308
6–12 months	18(b), 23	2,900	2,918
Total current lease payments		6,180	6,226
Future finance costs on lease liabilities		(746)	(564)
Current lease liabilities		5,434	5,662
1–2 years	18(b), 23	3,389	3,878
2–3 years	18(b), 23	2,366	1,875
More than 3 years	18(b), 23	5,634	3,970
Total non-current lease liabilities		11,389	9,723
Future finance costs on lease liabilities		(1,826)	(1,510)
Non-current lease liabilities		9,563	8,213

The weighted average incremental borrowing rate applied to lease liabilities was 5.89% (2022: 4.63%).

Significant accounting policies

Leases

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

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

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

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

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

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

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

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

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

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

Presentation and disclosure

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

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

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

13. Leases (continued)

Critical accounting estimate and judgement

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

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

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

Estimating the incremental borrowing rate

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

14. Payables

	Note	2023 $'000	2022 $'000
Trade payables		7,568	5,385
Accrued payables		13,851	14,200
Other payables		3,609	4,404
Total payables	18(b)	**25,028**	**23,989**

Significant accounting policies

Trade payables

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

15. Other operating provisions

	2023 $'000	2022 $'000
Current		
Onerous contract provisions	513	943
Other	57	91
Total current operating provisions[1]	**570**	**1,034**
Non-current		
Make good provisions	300	342
Total non-current operating provisions[2]	**300**	**342**
Reconciliation of other operating provisions		
Carrying amount at beginning of year	1,376	2,217
Net provisions/(payments/reversals) made during the year	(506)	(841)
Carrying amount at end of year	**870**	**1,376**

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

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

Significant accounting policies

Provisions

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

SECTION D: PEOPLE

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

16. Employee benefits

	2023 $'000	2022 $'000
Current employee benefits[1]	13,557	13,956
Non-current employee benefits[2]	109	172
Total employee benefits liability	13,666	14,128

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

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

Employee Benefits Liability

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

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

(a) Directors' and executives' compensation

	2023 $	2022 $
Short term employment benefits	3,945,132	3,621,809
Post-employment benefits	150,070	174,405
Share-based payments	656,618	1,062,624
Total	4,751,820	4,858,838

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

Detailed remuneration disclosures are provided in the remuneration report on pages 37 to 57.

Significant accounting policies

Short-term employee benefit obligations

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

Other long-term employee benefit obligations

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

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

Retirement benefit obligations

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

Bonus plan

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

Termination benefits

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

17. Share-based payments

(a) Employee Performance Rights Plan

The Employee Performance Rights Plan (the Rights Plan) was approved by shareholders at the Company's AGM on 23 November 2017 and was re-adopted at the Company's AGM on 24 November 2022. Under the Plan, awards are made to eligible executives and other management personnel who have an impact on the Group's performance. Plan awards for long-term incentives (LTI) are granted in the form of performance rights over shares which vest over a period of three years subject to meeting performance measures and continuous employment with the Company. Plan awards for deferred short-term incentives (STI) are deferred for a two-year period of which the employee must remain employed, following the achievement of annual financial and non-financial performance measures. Each performance right is to subscribe for one ordinary share upon vesting and, when issued, the shares will rank equally with other shares.

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

Performance rights issued and outstanding as at 30 June 2023

Grant date	Vesting date	Type	Fair Value Per Right $	No. of Rights at 01/07/2022	Rights Granted	Rights Vested, Forfeited or Other	No. of Rights at 30/06/2023
2 Sep 2019	30 Jun 2022(1)	STI	3.11	78,384	–	(78,384)	–
2 Sep 2019	30 Jun 2022(2)	LTI	2.83	646,600	–	(646,600)	–
1 Jul 2020	30 Jun 2023(3)	STI	2.70	594,707	–	(71,460)	523,247
1 Jul 2020	30 Jun 2023(4)	LTI	2.77	212,622	–	(13,319)	199,303
15 Sep 2021	30 Jun 2024(5)	LTI	4.99	235,424	–	(28,975)	206,449
15 Sep 2021	30 Jun 2024(6)	LTI	5.29	95,049	–	(10,747)	84,302
15 Sep 2022	30 Jun 2025(7)	LTI	3.74	–	430,059	(47,708)	382,351
15 Sep 2022	30 Jun 2025(8)	LTI	4.30	–	67,889	(6,210)	61,679
Total				1,862,786	497,948	(903,403)	1,457,331

(1) Performance rights granted on 2 September 2019 in relation to STI measures have met the required measurement hurdles and vested at 100% on 30 June 2022. The rights were exercised on 19 August 2022.

(2) Performance rights granted on 2 September 2019 in relation to EPSa CAGR and TSR measures have exceeded the required measurement hurdles and market conditions, respectively and vested on an accelerated basis paying 150% of the entitlement on rights linked to EPSa CAGR measure and 137% of the entitlement on rights linked to TSR measure on 30 June 2022. The rights were exercised on 19 August 2022.

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

(4) Performance rights granted on 1 Jul 2020 in relation to EPSa CAGR and TSR measures have vested at 100% on 30 June 2023 based on the discretion of the Board.

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

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

(7) Performance rights granted on 15 September 2022 with a fair value per right of $3.74 (2021: $4.99) refers to rights linked to Revenue and TSR measures.

(8) Performance rights granted on 15 September 2022 with a fair value per right of $4.30 (2021: $5.29) refers to rights linked to non-market performance conditions such as Revenue and Profit Margin.

All the unvested performance rights will be measured against specific measurement criteria as detailed in the preceding table and will be awarded in the period following the measurement period.

Performance rights issued and outstanding as at 30 June 2022

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

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

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

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

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

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

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

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

The weighted average contractual life of outstanding performance rights at the end of the financial year is 0.81 year (2022: 0.79 year).

(b) Fair value of performance rights granted

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

The fair value of Revenue and Profit Margin performance rights at grant date is independently determined using a conventional Black Scholes Model.

17. Share-based payments (continued)

Details of the assessed fair value of the performance rights as well as the model inputs for rights granted, during the year ended 30 June 2023 and for the prior year 30 June 2022, are presented below:

	2023	2022
Grant date	15 September 2022	15 Sep 2021
Expected vesting date	30 June 2025	30 June 2024
Measurement period	1 July 2022 to 30 June 2025	1 July 2021 to 30 June 2024
Fair value of performance rights granted – Revenue and Profit Margin	$4.30	$5.29
Fair value of performance rights granted – TSR rights	$3.18	$4.69
Share price at grant date	$4.64	$5.60
Expected price volatility of the company's shares	32.5%	30%
Expected dividend yield	2.47%	2.06%
Risk-free interest rate	3.28%	0.61%

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

(c) Expenses arising from share-based payment transactions

	Note	2023 $'000	2022 $'000
Rights issued under employee performance rights plan FY20		–	1,055
Rights issued under employee performance rights plan FY21		483	764
Rights issued under employee performance rights plan FY22		459	618
Rights issued under employee performance rights plan FY23		586	–
Total	5, 8(a), 22(b)	1,528	2,437

Significant accounting policies

Share-based payments

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

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

- Market-based
- Non-market-based

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

Market-based measurement

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

Non-market-based measurement

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

Critical accounting estimate and judgement

Share-based payments

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

SECTION E: CAPITAL AND FINANCIAL RISK MANAGEMENT

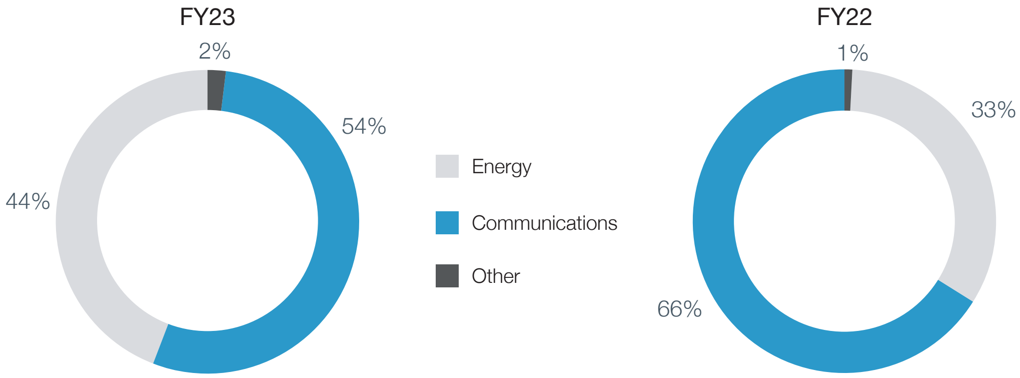
This section explains our policies and procedures applied to manage our financing and capital structure, and the associated risks that we are exposed to. The Group manages its financial and capital structure to maximise shareholder return, maintain an optimal cost of capital and provide flexibility for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

18. Financial risk management

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

(a) Credit risk

Nature of risk	The risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from customers and our investments in debt securities.
Exposure to the risk	The Group's maximum exposure to credit risk at 30 June 2023 and 30 June 2022 is the carrying amount of financial assets, net of any provisions for impairment and excluding the value of any collateral or other security. The gross trade receivables balance as at 30 June 2023 was $55,608,000 (2022: $56,534,000). The ageing analysis of trade and other receivables is provided in Note 9. As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are past due but not impaired, are expected to be received. The Group's exposure to credit risk is affected by the regions and industries our customers operate in. Set out below shows the concentration of our trade receivables balances by the industry they operate in.



How is the risk managed?	Receivables are managed on an ongoing basis. The Group does not have any material credit risk exposure to any single debtor or group of debtors. Ageing analysis and ongoing collectability reviews are performed and, where appropriate, an expected credit loss provision is raised. Historically, the Group has not had any significant write-offs in our trade receivables. The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. The credit quality of a customer is assessed based on a variety of factors, including their credit ratings and financial position.

(b) Liquidity risk

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

Contractual maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 30 June 2023 and 2022.

		Contractual cash flows $'000					
Financial liabilities	Note	Less than 6 months	6-12 months	1-2 years	2-3 years	> 3 years	Total payments
2023							
Trade and other payables	14	25,028	–	–	–	–	25,028
Lease liabilities(1)	13(e)	3,280	2,900	3,389	2,366	5,634	17,569
Secured borrowings(2)	19	–	–	54,716	–	–	54,716
Total		28,308	2,900	58,105	2,366	5,634	97,313
2022							
Trade and other payables	14	23,989	–	–	–	–	23,989
Lease liabilities(1)	13(e)	3,308	2,918	3,878	1,875	3,970	15,949
Secured borrowings(3)	19	–	–	88,151	–	–	88,151
Total		27,297	2,918	92,029	1,875	3,970	128,089

(1) Lease liabilities are recognised and disclosed at present value in accordance with AASB 16 and the Group accounting policy.

(2) As at 8 June 2023, the syndicated mutli-currency borrowing facility was refinanced with a maturity date of 31 July 2025.

(3) As at 4 August 2021, the syndicated multi-currency borrowing facility was extended to 1 September 2023.

(c) Interest rate risk

Nature of risk	The risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.
Exposure to the risk	The Group's main exposure to interest rate risk arises from its lease liabilities, borrowings and cash and cash equivalents. No other financial assets or liabilities are expected to be exposed to interest rate risk. The weighted average variable interest rate across all our borrowings at 30 June 2023 is 5.50% (2022: 2.34%). If the interest rate were to increase or decrease by 1%, with all other variables held constant, the impact to pre-tax profit is $791,000 (2022: $1,233,000) and the impact to post-tax equity(1) is $569,000 (2022: $886,000).
How is the risk managed?	The Group ensures it has access to diverse sources of funding, including access to foreign currency debt. The Group closely monitors its debt ratios to reduce its risk exposure to uncertainty in the global markets if interest rates will fall or rise. Management is comfortable with the risk associated with using variable interest rates due to the current level of borrowings.

(1) Post-tax equity is calculated as the net of the blended effective tax rate on pre-tax profit based on where the interest-bearing debt is located (i.e., Australia and Canada) and the prevailing corporate tax rate in each of those jurisdictions (i.e., 30% and 26.5% respectively).

18. Financial risk management (continued)

(d) Foreign currency risk

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

Exposure to the risk

The Group operates internationally and as such has exposure to foreign currency movements. The Group has expanded its international operations substantially in recent years to the extent that in excess of 83% (2022: 83%) of its revenue is now earned in foreign currency designated transactions. The Group has a number of offices located internationally and more than 89% (2022: 88%) of its work force is located overseas and paid in foreign currencies.

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

The Group's primary foreign currency exposure relates to the movement in US Dollar (USD), British Pound (GBP), Canadian Dollar (CAD) and Euro (EUR) exchange rates. At the reporting date, cash and cash equivalents included $47.0 million (2022: $49.0 million) denominated in foreign currencies.

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

	Increase/(decrease) $'000							
	USD		GBP		CAD		EUR	
	2023	2022	2023	2022	2023	2022	2023	2022
+10%	1,098	790	1,010	553	396	619	1,415	2,133
-10%	(1,098)	(790)	(1,010)	(553)	(396)	(619)	(1,415)	(2,133)

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

How is the risk managed?

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

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

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

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

Significant accounting policies

Functional and presentation currency

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

Foreign currency transactions and balances

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

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

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

(e) Fair value measurements

Due to their short-term nature, the fair value of receivables and payables approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. At 30 June 2023 and 30 June 2022, there are no assets or liabilities carried at fair value on a recurring basis.

19. Borrowings

	Note	2023 $'000	2022 $'000
Non-current			
Secured			
Term facility – gross borrowings	18(b)	54,716	88,151
Term facility – net prepaid borrowing costs		(407)	(239)
Total		54,309	87,912

At the beginning of the year, the Group had a $123 million syndicated multi-currency facility with its external financiers, which was used to fund a previous acquisition and to provide additional funding for general corporate and working capital purposes. As at 31 December 2022, the remaining drawn down balance of $65 million had a maturity period of less than twelve months, therefore Management had reclassified the debt as current.

On 8 June 2023, the Group refinanced the facility with its external financers with a maturity period of twenty-one months, expiring on 31 July 2025, Management has therefore reclassified the debt as non-current as at 30 June 2023. The average interest rate of the borrowings is 6.19%.

19. Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	Note	2023 $'000	2022 $'000
Opening balance at 1 July		87,912	117,507
Cash flows from financing activities			
Net repayment of borrowings		(33,615)	(33,974)
Cash flows from non-financing activities			
Established of loan fees – paid		(201)	(400)
Non-cash changes			
Amortisation of prepaid borrowing costs	5, 8(a)	151	1,592
Effect of foreign exchange		62	3,187
Closing balance at 30 June		54,309	87,912

Significant accounting policies

Loans and borrowings

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

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

Borrowing costs

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

20. Contributed capital

(a) Issued and paid-up capital

	2023 $'000	2022 $'000
Ordinary shares, fully paid	148,688	146,857
Total	148,688	146,857

(b) Movements in shares on issue

	Ordinary Shares (excluding Treasury Shares)	Treasury Shares	Total Share Capital	
	No. of Shares	No. of Shares	No. of Shares	$'000
Balance at 1 July 2021	199,845,539	–	199,845,539	145,224
Shares issued to satisfy future rights exercises	–	1,171,783	1,171,783	–
Shares issued under the dividend reinvestment plan	287,678	–	287,678	1,633
Performance rights exercised	673,268	–	673,268	–
Balance at 30 June 2022	200,806,485	1,171,783	201,978,268	146,857
Shares issued to satisfy future rights exercises	–	200,352	200,352	–
Shares issued under the dividend reinvestment plan	382,167	–	382,167	1,831
Performance rights exercised	752,560	(556,074)	196,486	–
Balance at 30 June 2023	201,941,212	816,061	202,757,273	148,688

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

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

Where there are unallocated shares within the Trust, the Trustee may apply any capital receipts, dividends or other distributions received to purchase further shares and/or to pay any reasonable disbursements associated with the operation of the Trust.

(c) Rights of each type of share

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

(d) Capital risk management

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

The capital risk management policy remains unchanged from the 30 June 2022 Financial Report.

21. Dividends

A final dividend of 5 cents per share has been declared, partially franked to 1.5 cents per share. This final dividend was announced to the market on 23 August 2023, and will subsequently be paid on 20 September 2023. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Limited as at 30 June 2023.

	2023 $'000	2022 $'000
Dividends paid during the year (net of dividend re-investment)		
5 cents per share final dividend paid 21 September 2022 – partially franked(1)	9,166	–
5 cents per share final dividend paid 21 September 2021 – partially franked(2)	–	9,081
5 cents per share interim dividend paid 21 March 2023 – unfranked(3)	9,237	–
7 cents per share interim dividend paid 21 March 2022 – partially franked(4)	–	13,359
Total	18,403	22,440
Proposed dividend not recognised at the end of the year	10,138	10,099
Dividends franking account		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	–	1,283

(1) The final dividend paid of 5 cents per share franked to 1.5 cents, comprised of a regular dividend of 5 cents per share.

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

(3) The interim dividend of 5 cents per share, unfranked, comprised of a regular dividend of 5 cents per share.

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

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

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

22. Reserves and retained earnings

	Note	2023 $'000	2022 $'000
Foreign currency translation reserve	22(a)	7,259	7,536
Share-based payments reserve	22(b)	12,285	10,629
Retained earnings	22(c)	170,648	148,086

(a) Foreign currency translation reserve

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

Movements in reserve	Note	2023 $'000	2022 $'000
Balance at 1 July		7,536	5,105
Net gain on hedges of a net investment		–	26
Exchange differences on translation of foreign operations		(277)	2,405
Balance at 30 June		7,259	7,536

(b) Share-based payments reserve

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

Movements in reserve	Note	2023 $'000	2022 $'000
Balance at 1 July		10,629	7,971
Share-based payments expensed during the year	17(c)	1,528	2,437
Tax associated with the share-based payments plan	6(b)(iv)	128	221
Balance at 30 June		12,285	10,629

(c) Retained earnings

Movements in retained earnings	Note	2023 $'000	2022 $'000
Balance at 1 July		148,086	130,219
Dividends declared during the year		(20,233)	(24,073)
Net profit after income tax expense for the year		42,795	41,940
Balance at 30 June		170,648	148,086

23. Commitments and contingencies

Commitments on leases

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

Contingent assets and liabilities

At 30 June 2023 and 2022, the Group does not have any contingent assets and liabilities.

SECTION F: GROUP STRUCTURE

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

24. Parent entity information

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

(a) Summarised statement of financial position

	Parent Entity	
	2023 $'000	2022 $'000
Assets		
Current Assets	360	1,905
Non-current assets	190,636	201,430
Total Assets	190,996	203,335
Liabilities		
Current liabilities	557	201
Non-current liabilities	11,753	24,167
Total Liabilities	12,310	24,368
Net assets	178,686	178,967
Equity		
Share capital	148,688	146,857
Accumulated profits	19,029	22,797
Share based payments reserve	12,285	10,629
Foreign currency translation reserve	(1,316)	(1,316)
Total equity	178,686	178,967

(b) Summarised statement of comprehensive income

	Parent Entity	
	2023 $'000	2022 $'000
Profit after income tax expense	16,454	7,761
Total comprehensive income for the year	16,454	7,787

Dividends of $17,456,900 (2022: $8,900,000) were paid from Hansen Corporation Pty Limited to Hansen Technologies Limited during the financial year.

(c) Parent entity guarantees

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

No deficiencies of assets exist in any of these companies.

Significant accounting policies

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

Investments in subsidiaries

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

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

SECTION G: OTHER DISCLOSURES

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

25. Related party disclosures

(a) List of controlled entities

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

Name	Country of Incorporation	Ordinary Shares Equity Interest 2023 %	Ordinary Shares Equity Interest 2022 %
Parent entity			
Hansen Technologies Limited	Australia		
Subsidiaries of Hansen Technologies Limited			
Hansen Corporation Pty Limited	Australia	100	100
Hansen Corporation Investments Pty Limited	Australia	100	100
Hansen Holdings (Asia) Pty Limited(1)	Australia	–	100
Utilisoft Pty Limited	Australia	100	100
Hansen Technologies (Shanghai) Company Limited	China	100	100
Hansen Technologies Denmark A/S	Denmark	100	100
Hansen Technologies CIS Finland Oy	Finland	100	100
Hansen Technologies Finland Oy	Finland	100	100
PEP Finland Oy	Finland	100	100
Enercube Oy Finland Filial	Finland	100	100
Hansen Customer Support India Private Limited	India	100	100
Hansen Technologies Netherlands B.V.	Netherlands	100	100
Hansen New Zealand Limited	New Zealand	100	100
Hansen Technologies Holdings AS	Norway	100	100
Hansen Technologies Norway AS	Norway	100	100
Hansen Technologies Sweden AB	Sweden	100	100
Enoro AG	Switzerland	100	100
Hansen Corporation Europe Limited	United Kingdom	100	100
Hansen Holdings Europe Limited	United Kingdom	100	100
Hansen Billing Solutions Limited	United Kingdom	100	100
Hansen Operations, LLC(2)	United States	–	100
Hansen Solutions, LLC	United States	100	100
Hansen Technologies North America, Inc.	United States	100	100
Hansen ICC, LLC	United States	100	100
Hansen Banner, LLC	United States	100	100
Peace Software Inc.	United States	100	100
Hansen Technologies Vietnam, LLC	Vietnam	100	100
Hansen Technologies Canada, Inc.(3)	Canada	100	100
Sigma Systems Canada LP(3)	Canada	–	100
Sigma Canada Holdings Inc.	Canada	100	100
Sigma Systems GP Inc.(3)	Canada	–	100
Hansen Systems Private Limited *(fka.Sigma OSS Systems India Private Limited)*	India	100	100
Sigma Systems Japan K.K.	Japan	100	100
Hansen Technologies CDE Limited	United Kingdom	100	100
Sigma Systems (Wales) Limited	United Kingdom	100	100
Sigma Systems Group (USA) Inc.(4)	United States	–	100
Hansen Technologies SA(5)	Argentina	100	–
Hansen Technologies Limited Employee Share Plan Trust	Australia	–	–

(1) Hansen Holdings (Asia) Pty Limited was a dormant entity that was deregistered on 2 June 2023.

(2) Hansen Operations, LLC was dissolved on 1 March 2023.

(3) Sigma Systems GP Inc and Hansen Technologies Canada Inc were sole partners in Sigma Systems Canada LP, a limited partnership in Canada. On 31 December 2022, Sigma Systems GP Inc, sold all of its partnership units in Sigma Systems Canada LP to Hansen Technologies Canada Inc. Upon the sale of partnership units, the partnership was dissolved by operation of law and Hansen Technologies Canada Inc. now carries on the business formerly carried on by the limited partnership as a sole proprietor.

(4) Sigma Systems Group (USA) Inc. was dissolved on 23 May 2022.

(5) At the end of the previous financial year, Hansen Technologies Limited was in the process of registering as a foreign company in Argentina and transferring the legal ownership of Hansen Technologies SA (HTSA). The transfer of legal ownership was completed on 1 November 2022. HTSA is a company registered in Argentina on 7 December 2021 of which Hansen Technologies Limited gained control over as defined under AASB 10 Consolidated Financial Statements since the previous financial year.

Significant accounting policies

Foreign subsidiaries

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

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

(b) Transactions with Key Management Personnel of the entity or its parent and their personally related entities

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

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

	2023 $	2022 $
Leased premises		
A related party to the Directors[1] – rental payments	–	1,637,017
A related party, Andrew Hansen – rental payments	40,713	90,973
	40,713	1,727,990

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

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

26. Auditor's remuneration

The auditor of the Group for the year ended 30 June 2023 is RSM Australia Partners.

	2023 $	2022 $
(a) Amounts paid and payable to RSM Australia for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entity in the consolidated entity	396,000	332,055
(ii) Other non-audit services		
– compliance services	13,715	3,567
Sub-total	13,715	3,567
Total remuneration of RSM Australia Partners	409,715	335,622
(b) Amounts paid and payable to network firms of RSM Australia for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the overseas entities in the consolidated entity	364,402	564,819
(ii) Other non-audit services		
– taxation services	39,636	65,444
– compliance services	48,149	54,776
Sub-total	87,785	120,220
Total remuneration of network firms of the auditor	452,187	685,039
(c) Amounts paid and payable to non-related auditors for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entities in the consolidated entity	86,147	20,453
(ii) Other non-audit services		
– taxation services	61,546	9,095
– compliance services	51,690	28,475
Sub-total	113,236	37,570
Total remuneration of non-related auditors	199,383	58,023
Total auditors' remuneration	1,061,285	1,078,684

27. Deed of cross guarantee

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

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

(a) Consolidated statement of comprehensive income

Set out below is a consolidated statement of comprehensive income for the financial year ended 30 June 2023 of the closed group consisting of Hansen Technologies Limited and Hansen Corporation Pty Limited ("the Closed Group").

	Note	2023 $'000	2022 $'000
Revenue		50,291	49,689
Other income		30,655	32,693
Total revenue and other income		**80,946**	**82,382**
Employee benefit expenses		(26,898)	(26,237)
Depreciation expense		(2,966)	(2,378)
Amortisation expense		(4,641)	(3,982)
Property and operating rental expenses		(1,561)	(1,549)
Contractor and consultant expenses		(10)	(69)
Software licence expenses		(1,441)	(1,268)
Hardware and software expenses		(8,557)	(6,730)
Travel expenses		(810)	(382)
Communication expenses		(416)	(362)
Professional expenses		(2,058)	(2,222)
Finance costs on borrowings		(1,130)	(1,941)
Finance costs on lease liabilities		(100)	(109)
Foreign currency gains/(losses)		(489)	(498)
Other expenses		(602)	(489)
Total expenses		**(51,679)**	**(48,216)**
Profit before income tax expense		**29,267**	34,166
Income tax expense		(2,987)	(2,608)
Profit after income tax expense		**26,280**	**31,558**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Net gain on hedges of net investments		–	26
Other comprehensive income for the year		–	26
Total comprehensive income for the year		**26,280**	**31,584**

27. Deed of cross guarantee (continued)

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2023 of the Closed Group:

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents		7,106	10,604
Receivables		9,266	10,121
Accrued revenue		2,904	2,873
Current tax asset		–	1,794
Other current assets		3,938	6,221
Total current assets		23,214	31,613
Non-current assets			
Plant, equipment & leasehold improvements		6,093	6,743
Intangible assets		29,229	26,589
Right-of-use assets		2,550	3,039
Other non-current assets		214,950	214,289
Deferred tax assets		3,101	3,997
Total non-current assets		255,923	254,657
Total assets		**279,137**	**286,270**
Current liabilities			
Payables		7,269	9,351
Lease liabilities		1,247	1,027
Current tax payable		365	–
Provisions		5,804	6,867
Unearned income		5,972	6,843
Total current liabilities		20,657	24,088
Non-current liabilities			
Deferred tax liabilities		6,153	5,687
Borrowings		11,417	23,761
Lease liabilities		1,543	2,251
Other non-current liabilities		4,482	5,080
Provisions		109	172
Total non-current liabilities		23,704	36,951
Total liabilities		**44,361**	**61,039**
Net assets		**234,776**	**225,231**
Equity			
Share capital		148,688	146,857
Foreign currency translation reserve		(1,340)	(1,340)
Share-based payments and other reserves		8,818	7,151
Retained earnings		78,610	72,563
Total equity		**234,776**	**225,231**

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

	Note	2023 $'000	2022 $'000
Retained earnings at the beginning of the year		72,563	65,078
Profit for the year	27(a)	26,280	31,558
Dividends declared during the year		(20,233)	(24,073)
Retained earnings at the end of the year	27(b)	**78,610**	**72,563**

28. New and amended accounting standards and interpretations

(a) Adoption of new and amended accounting standards that are first operative at 30 June 2023

The Group has adopted the following new and amended accounting standards and interpretations, applicable and effective for the financial year beginning 1 July 2022:

- Reference to the Conceptual Framework – Amendments to AASB 3 *Business Combinations*
- Property, plant and equipment: Proceeds before intended use – Amendments to AASB 116 *Property, plant and equipment*
- Onerous contracts – Costs of fulfilling a contract – Amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- Fees in the '10 per cent' test for derecognition of financial liabilities – AASB 9 *Financial Instruments*

These new and amended accounting standards do not have a significant impact on the financial report and therefore the disclosures have not been made.

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

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

(b) Accounting standards and interpretations issued but not operative at 30 June 2023

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

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

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

Group's assessment performed to date

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

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

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

Group's assessment performed to date

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

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

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

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

Group's assessment performed to date

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

(iv) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to AASB 112 *Income Taxes*

The amendments clarify the accounting for deferred tax on transactions that, at the time of transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.

Group's assessment performed to date

The amendments to AASB 112 are applicable for annual periods beginning on or after 1 July 2023, with earlier application permitted. The amendments are not expected to have a material impact to the Group.

29. Subsequent events

The Directors resolved to pay a final dividend of 5 cents per share (franked to 1.5 cents), comprising of a regular dividend of 5 cents per share to be paid on 20 September 2023 (Note 21).

Apart from the above, there has been no other matter or circumstance which has arisen since 30 June 2023 that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2023, of the Group; or

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 30 June 2023, of the Group.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 60 to 116, in accordance with the *Corporations Act 2001*:

- comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
- as stated in Note 1(a), the consolidated financial statements of the Group also comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the consolidated entity as at 30 June 2023 and of its performance for the year ended on that date.

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

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

This declaration has been made after receiving the declarations required to be made by the Managing Director and Chief Financial Officer to the Directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

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

David Trude
Chair

Andrew Hansen
Director

Melbourne
23 August 2023

RSM Australia Partners

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

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

www.rsm.com.au

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

Opinion

We have audited the financial report of Hansen Technologies Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Key Audit Matters

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

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

RSM

Impairment of Intangible Assets Refer to Note 12 in the financial statements	
The Group has net book value goodwill of $220 million in respect of acquisitions of subsidiaries as at 30 June 2023. We identified this area as a Key Audit Matter due to the size of the goodwill balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves significant judgements about the future underlying cash flows of the business, discount rates and terminal growth applied. For the year ended 30 June 2023 management have performed an impairment assessment over the goodwill balance by: • calculating the value in use for the CGU using a discounted cash flow model. The model used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years, with a terminal growth rate applied to the 5th year. The cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and • comparing the resulting value in use of the CGU to its respective book value. Management also performed a sensitivity analysis over the value in use calculations, by varying the WACC and other assumptions.	Our audit procedures in relation to management's impairment assessment involved the assistance of our Corporate Finance team where required, and included: • Assessing management's determination that the goodwill should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions, including the cash flow projections, exchange rates, discount rates, and sensitivities used; and • Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

Responsibilities of the Directors for the Financial Report (continued)

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Hansen Technologies Limited, for the year ended 30 June 2023, complies with section *300A* of the *Corporations Act 2001*.

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 23 August 2023
Melbourne, Victoria

ASX SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 7 August 2023 disclosed pursuant to ASX official listing requirements.

Distribution of shares

The following tables summarises the distribution of our listed shares as at 7 August 2023:

Range	Number of holders	Number of shares held	% of Issued capital
100,001 and over	60	157,854,000	77.85
10,001 to 100,000	1,149	27,996,136	13.81
5,001 to 10,000	1,107	8,122,853	4.00
1,001 to 5,000	2,925	7,797,765	3.85
1 to 1,000	2,357	986,519	0.49
Total	7,598	202,757,273	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares is 418 holding 5,845 shares (as at the closing market price on 7 August 2023).

Twenty largest shareholders

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

Range	Number of Shares Held	% of Issued Capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,960,424	24.15
OTHONNA PTY LTD	34,739,113	17.13
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,045,904	13.34
NATIONAL NOMINEES LIMITED	11,383,921	5.61
CITICORP NOMINEES PTY LIMITED	10,941,262	5.40
BNP PARIBAS NOMS PTY LTD	6,827,546	3.37
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,707,231	0.84
SANDHURST TRUSTEES LTD	1,373,643	0.68
CITICORP NOMINEES PTY LIMITED	1,353,387	0.67
MR CAMERON HUNTER	1,352,730	0.67
PACIFIC CUSTODIANS PTY LIMITED	901,297	0.44
PACIFIC CUSTODIANS PTY LIMITED	816,061	0.40
MR JAMES LUCAS & MS LESLEY DORMER	800,939	0.40
MR SCOTT WEIR	622,227	0.31
MRS LILIAN REICHENBERG	546,953	0.27
MR ANDREW HANSEN	482,574	0.24
LAYUTI PTY LTD	412,769	0.20
MR DAVID JOHN OSBORNE & MS LEONE CATHERINE OSBORNE	386,335	0.19
BROADGATE INVESTMENTS PTY LTD	380,000	0.19
NETWEALTH INVESTMENTS LIMITED	343,190	0.17
Total	151,377,506	74.67
Total other investors	51,379,767	25.33
Grand total	202,757,273	100.00

Substantial shareholdings

The following table shows holdings of substantial voting rights in the Company's shares as notified to the Company under the *Corporations Act 2001* as at 31 July 2023:

Holder	Number of shares Held	% of Issued capital
Mr Andrew Hansen*	35,450,073	17.48%
Mr David Osborne*	35,125,448	17.32%
Mr Bruce Adams*	34,891,417	17.21%

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

Voting rights

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

Unquoted equity securities

Unquoted equity securities issued pursuant to the Hansen Technologies Limited Employee Performance Rights Plan as at 15 August 2023:

Range	Number of employees participating	Number of securities
Performance rights	40	734,781

CORPORATE DIRECTORY

Directors

David Trude, Chairman

Andrew Hansen, Managing Director

Bruce Adams, Non-Executive

Lisa Pendlebury, Non-Executive

Don Rankin, Non-Executive

David Osborne, Non-Executive

David Howell, Non-Executive

Company secretary

Julia Chand

Principal registered office

Level 2, 31 Queen Street
Melbourne, Victoria 3000

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

Share registry

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne, Victoria 3000

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

Stock exchange

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

Auditors

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

Solicitors

GrilloHiggins
Level 25, 367 Collins Street
Melbourne, Victoria 3000

Other information

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

HANSEN