



Gentrack Group Limited

# **Interim Financial Statements**

For the six months ended 31 March 2021





# Contents

3	Commentary
4	Interim Financial Statements
5	Condensed Statement of Comprehensive Income
6	Condensed Statement of Financial Position
7	Condensed Statement of Changes in Equity
8	Condensed Statement of Cash Flows
9	Notes to Condensed Financial Statements
21	Independent Review Report
23	Corporate Directory

## COMMENTARY

The results for the half-year show an increase in revenue of 0.7% to \$51.0m. Utilities revenue increased 6% during the period vs PCP driven by new customers and increases from existing customers.

Revenues were down in the Airports business by \$2.1m due to the industry downturn but pleasingly annual recurring revenues (ARR) were up 5.8% reflecting the critical role of our product in our customers' operations.

Underlying EBITDA of \$7.0m is up 63.2% on H1'20. Costs were down 5% vs PCP due to various cost saving measures, while at the same time increasing our investment in human capital.

The Group achieved \$5.6m net cash generation for the period resulting in \$22.4m net cash as at 31 March 2021, up from \$16.8m at 30 September 2020. There have been further improvements in working capital and cash savings from increased use of share-based incentives. The year-end cash position provides scope for additional investment in technology.

In light of the NPAT loss, the Board has decided not to pay an Interim dividend and will review the position at the year end.

This period has seen the business undergo a transformation with the new leadership team performing strongly and the business servicing our customers better.

Revenue is up from increasing customer demand for Total Cost of Ownership (TCO) improvements, regulatory compliance and cleantech innovations.

New logo pipeline is growing, and we have new wins in the period.

On the operational front, our global delivery organisation is improving throughput materially, managing several large-scale customer transformation projects effectively and are dedicated to delivering customer excellence. We have opened our new Indian Technology Centre where we have nearly 50 Dev-ops experts coming up to speed on our technologies. We see room for continued improvement in the operational effectiveness of the company.

Our commitment remains to have the best technology in this space and the increased headcount in the business reflects our investment in bringing the right people on board to deliver against this commitment.

We continue to have headwinds from prior year customer attrition and supplier failures in the UK. We have however, moved the business back to growth despite this revenue drag.

We see enormous potential in the clean tech market and the business is establishing a strong foundation for future success.



**Andy Green**  
Chair

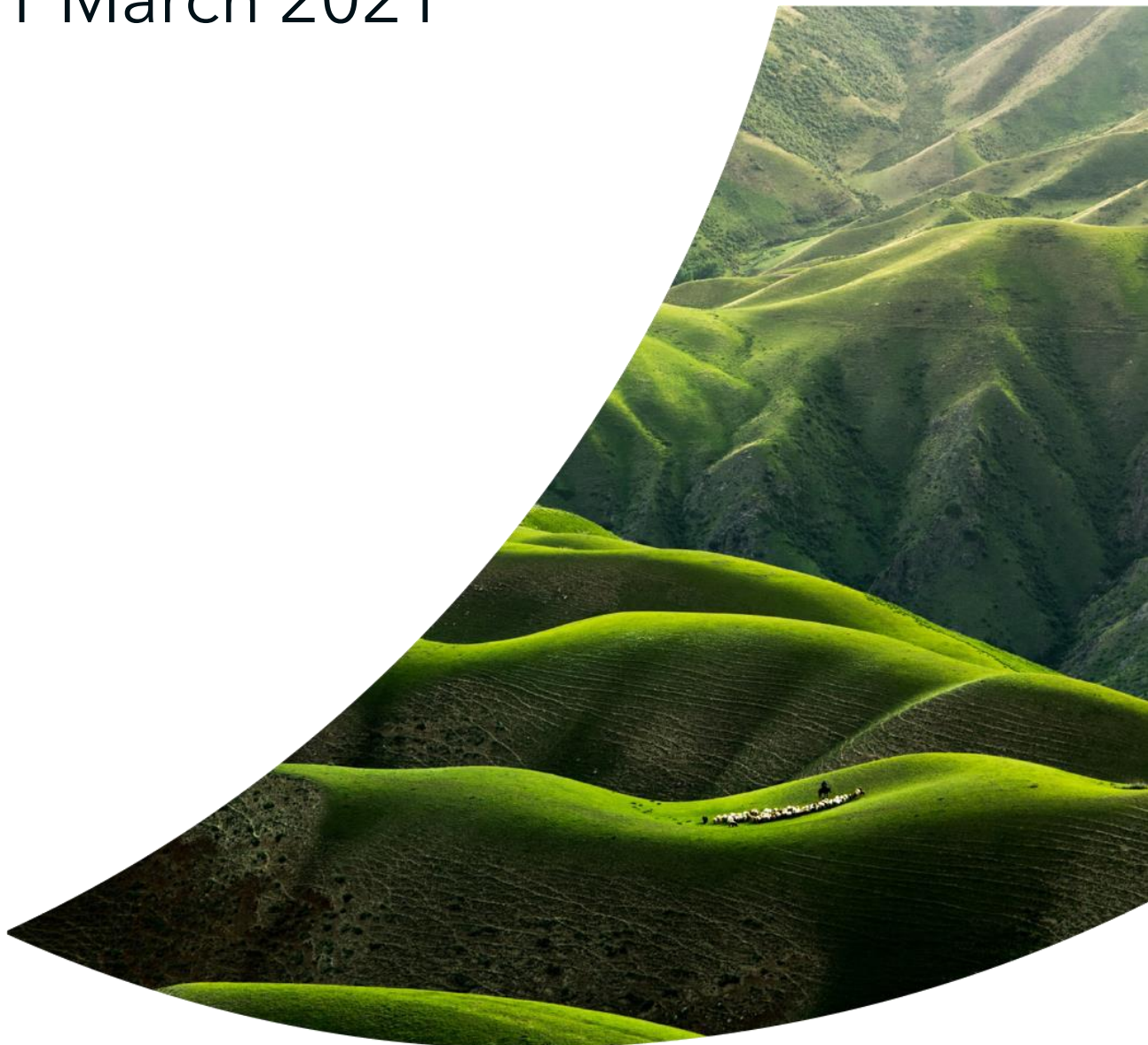
### Headlines

- **Revenue: \$51.0m - up 0.7% on H1'20**
- **EBITDA: \$7.0m - up 63.2% on H1'20**
- **Statutory NPAT: (\$1.1m) loss**
- **Net cash: \$22.4m up 33.5% on FY20**
- **No Interim Dividend payable**



# Interim Financial Statements

31 March 2021



# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2021

		6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
		UNAUDITED	UNAUDITED	AUDITED
	NOTE	NZ\$000	NZ\$000	NZ\$000
Revenue	3	50,953	50,623	100,533
Expenditure	4	(43,983)	(46,353)	(88,440)
<b>Profit before depreciation, amortisation, revaluation of financial liabilities, impairment of goodwill and intangible assets, financing and tax</b>		<b>6,970</b>	<b>4,270</b>	<b>12,093</b>
Depreciation and amortisation		(5,382)	(6,407)	(12,354)
Revaluation of acquisition related financial liability		-	(38)	891
Impairment of goodwill and intangible assets		-	(12,218)	(34,511)
<b>Profit/(Loss) before financing and tax</b>		<b>1,588</b>	<b>(14,393)</b>	<b>(33,881)</b>
Net finance (expense)/income	5	(1,345)	881	(386)
<b>Profit/(Loss) before tax</b>		<b>243</b>	<b>(13,512)</b>	<b>(34,267)</b>
Income tax (expense)/income		(1,360)	709	2,561
<b>Loss attributable to the shareholders of the company</b>		<b>(1,117)</b>	<b>(12,803)</b>	<b>(31,706)</b>
OTHER COMPREHENSIVE INCOME				
Translation of international subsidiaries		1,264	6,017	(882)
<b>Total comprehensive income/(loss) for the period</b>		<b>147</b>	<b>(6,786)</b>	<b>(32,588)</b>
EARNINGS PER SHARE LOSS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY (EXPRESSED IN DOLLARS PER SHARE)				
Basic and diluted loss per share		(\$0.01)	(\$0.13)	(\$0.32)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ISSUED				
Basic		98,645	98,645	98,645
Diluted		101,588	99,054	100,053

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

# CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		31 MARCH 2021	31 MARCH 2020	30 SEPTEMBER 2020
		UNAUDITED	UNAUDITED	AUDITED
	NOTE	NZ\$000	NZ\$000	NZ\$000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	6	24,966	11,120	19,321
Trade and other receivables	7	21,148	25,088	18,951
Income tax receivable		336	-	151
Inventory		347	588	464
<b>Total current assets</b>		<b>46,797</b>	<b>36,796</b>	<b>38,887</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		2,595	3,239	2,763
Lease assets	12	9,364	11,591	10,338
Goodwill	13	107,085	131,032	106,599
Intangibles	15	41,767	55,386	45,428
Deferred tax assets		7,728	6,108	4,649
<b>Total non-current assets</b>		<b>168,539</b>	<b>207,356</b>	<b>169,777</b>
<b>Total assets</b>		<b>215,336</b>	<b>244,152</b>	<b>208,664</b>
<b>CURRENT LIABILITIES</b>				
Bank loans	8	2,555	-	2,536
Trade payables and accruals		4,800	5,080	3,905
Lease liabilities	12	2,204	2,643	2,692
Contract liabilities		13,690	14,470	12,419
GST payable		3,298	1,557	3,206
Employee entitlements		7,578	4,943	5,552
Income tax payable		-	1,382	-
<b>Total current liabilities</b>		<b>34,125</b>	<b>30,075</b>	<b>30,310</b>
<b>NON-CURRENT LIABILITIES</b>				
Bank loans	8	-	4,684	-
Related party loan		-	483	-
Lease liabilities	12	11,736	13,857	12,435
Employee entitlements		458	418	428
Deferred tax liabilities		6,223	8,675	4,997
<b>Total non-current liabilities</b>		<b>18,417</b>	<b>28,117</b>	<b>17,860</b>
<b>Total liabilities</b>		<b>52,542</b>	<b>58,192</b>	<b>48,170</b>
<b>Net assets</b>		<b>162,794</b>	<b>185,960</b>	<b>160,494</b>
<b>EQUITY</b>				
Share capital	9	191,229	191,229	191,229
Share based payment reserve	11	2,852	363	699
Foreign currency translation reserve		8,046	13,681	6,782
Accumulated deficit		(39,333)	(19,313)	(38,216)
<b>Total equity</b>		<b>162,794</b>	<b>185,960</b>	<b>160,494</b>

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

For and on behalf of the Board who authorised these financial statements for issue on 27 May 2021



Andy Green  
Chair

Date: 27 May 2021



Fiona Oliver  
Director

Date: 27 May 2021

# CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2021

31 MARCH 2021		SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	ACCUMULATED DEFICIT	TRANSLATION RESERVE	TOTAL EQUITY
UNAUDITED	NOTE	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Balance at 1 October</b>		<b>191,229</b>	<b>699</b>	<b>(38,216)</b>	<b>6,782</b>	<b>160,494</b>
Loss attributable to the shareholders of the company		-	-	(1,117)	-	(1,117)
Other comprehensive income		-	-	-	1,264	1,264
<b>Total comprehensive loss for the period, net of tax</b>		<b>-</b>	<b>-</b>	<b>(1,117)</b>	<b>1,264</b>	<b>147</b>
TRANSACTION WITH OWNERS						
Dividend paid		-	-	-	-	-
Share based payments	11	-	2,153	-	-	2,153
<b>Balance at 31 March</b>		<b>191,229</b>	<b>2,852</b>	<b>(39,333)</b>	<b>8,046</b>	<b>162,794</b>

31 MARCH 2020		SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	ACCUMULATED DEFICIT	TRANSLATION RESERVE	TOTAL EQUITY
UNAUDITED		NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Balance at 1 October</b>		<b>191,229</b>	<b>389</b>	<b>(1,673)</b>	<b>7,664</b>	<b>197,609</b>
Change in accounting policy - NZ IFRS 16		-	-	(1,833)	-	(1,833)
<b>Adjusted total equity at 1 October</b>		<b>191,229</b>	<b>389</b>	<b>(3,506)</b>	<b>7,664</b>	<b>195,776</b>
Loss attributable to the shareholders of the company		-	-	(12,803)	-	(12,803)
Other comprehensive income		-	-	-	6,017	6,017
<b>Total comprehensive loss for the period, net of tax</b>		<b>-</b>	<b>-</b>	<b>(12,803)</b>	<b>6,017</b>	<b>(6,786)</b>
TRANSACTION WITH OWNERS						
Dividend paid		-	-	(3,004)	-	(3,004)
Share based payments		-	(26)	-	-	(26)
<b>Balance at 31 March</b>		<b>191,229</b>	<b>363</b>	<b>(19,313)</b>	<b>13,681</b>	<b>185,960</b>

30 SEPTEMBER 2020		SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	ACCUMULATED DEFICIT	TRANSLATION RESERVE	TOTAL EQUITY
AUDITED		NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Balance at 1 October</b>		<b>191,229</b>	<b>389</b>	<b>(1,673)</b>	<b>7,664</b>	<b>197,609</b>
Change in accounting policy - NZ IFRS 16		-	-	(1,833)	-	(1,833)
<b>Adjusted total equity at 1 October</b>		<b>191,229</b>	<b>389</b>	<b>(3,506)</b>	<b>7,664</b>	<b>195,776</b>
Loss attributable to the shareholders of the company		-	-	(31,706)	-	(31,706)
Other comprehensive income		-	-	-	(882)	(882)
<b>Total comprehensive loss for the period, net of tax</b>		<b>-</b>	<b>-</b>	<b>(31,706)</b>	<b>(882)</b>	<b>(32,588)</b>
TRANSACTION WITH OWNERS						
Dividend paid		-	-	(3,004)	-	(3,004)
Share based payments		-	310	-	-	310
<b>Balance at 30 September</b>		<b>191,229</b>	<b>699</b>	<b>(38,216)</b>	<b>6,782</b>	<b>160,494</b>

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

## CONDENSED STATEMENT OF CASHFLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

		6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
		UNAUDITED	UNAUDITED	AUDITED
	NOTE	NZ\$000	NZ\$000	NZ\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers		50,826	60,036	110,731
Payments to suppliers and employees		(39,825)	(46,747)	(83,547)
Lease liability finance charge	12	(421)	(480)	(931)
Income tax paid		(3,465)	(2,839)	(4,287)
<b>Net cash inflow from operating activities</b>		<b>7,115</b>	<b>9,970</b>	<b>21,966</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment		(187)	(293)	(324)
Purchase of intangibles	15	-	(780)	(331)
Payment of acquisition related option		-	(2,419)	(2,419)
Proceeds from sale of property, plant and equipment		-	(1)	-
<b>Net cash outflow from investing activities</b>		<b>(187)</b>	<b>(3,493)</b>	<b>(3,074)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments for lease liabilities	12	(1,314)	(1,238)	(2,497)
Drawdown of borrowings		-	5,007	5,007
Repayment of borrowings		-	(4,400)	(6,871)
Interest paid		(96)	(266)	(375)
Dividends paid		-	(3,004)	(3,004)
<b>Net cash outflow from financing activities</b>		<b>(1,410)</b>	<b>(3,901)</b>	<b>(7,740)</b>
<b>Net increase in cash held</b>		<b>5,518</b>	<b>2,576</b>	<b>11,152</b>
Foreign currency translation adjustment		127	(82)	(457)
Cash at beginning of the financial period		19,321	8,626	8,626
<b>Closing cash and cash equivalents</b>		<b>24,966</b>	<b>11,120</b>	<b>19,321</b>

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



# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These unaudited interim financial statements of Gentrack Group Limited (the Company) and its subsidiaries (together "Gentrack Group") have been prepared in accordance with the New Zealand equivalent of International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34) and New Zealand Generally Accepted Accounting Practice (NZ GAAP). In complying with NZ IAS 34, these statements comply with International Accounting Standard 34: Interim Financial Reporting.

Gentrack Group is a profit-oriented entity for financial reporting purposes.

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

These unaudited consolidated condensed interim financial statements of Gentrack Group for the six months ended 31 March 2021 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in Gentrack Group's Annual Report for the year ended 30 September 2020.

### COVID-19 PANDEMIC

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. Gentrack Group, like most other organisations is impacted by COVID-19 in a variety of ways, both financially and operationally. In late March 2020 due to restrictions imposed to contain the spread of COVID-19 many businesses were forced to close or move to remote ways of working. Gentrack Group had the necessary infrastructure in place and had thoroughly tested its ability to support remote working and during this period Gentrack Group has been able to largely operate as normal.

At 31 March 2021, the financial impact of COVID-19 on Gentrack Group has been immaterial, but the longer-term implications are still somewhat uncertain particularly for the Airport business which customers have been severely impacted by COVID-19. Gentrack Group continues to closely monitor the longer-term financial and economic implications of COVID-19 on its operations.

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

Accounting estimate and judgement area	Reference
Recoverability of trade receivables	Note 7
Assessment of impairment indicators	Note 14

# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 2. OPERATING SEGMENTS

Gentrack Group currently operates in two business segments: utility billing software and airport management software. These segments have been determined based on the reports reviewed by the Board (Chief Operating Decision Maker) to make strategic decisions.

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

6 MONTHS 31 MARCH 2021	UTILITY	AIRPORT	TOTAL
UNAUDITED	NZ\$000	NZ\$000	NZ\$000
TIMING OF REVENUE RECOGNITION			
Point in time	4,500	745	5,245
Over time	37,928	7,780	45,708
<b>Total revenue</b>	<b>42,428</b>	<b>8,525</b>	<b>50,953</b>
Expenditure	(36,988)	(6,995)	(43,983)
<b>Segment contribution (1)</b>	<b>5,440</b>	<b>1,530</b>	<b>6,970</b>

6 MONTHS 31 MARCH 2020	UTILITY	AIRPORT	TOTAL
UNAUDITED	NZ\$000	NZ\$000	NZ\$000
TIMING OF REVENUE RECOGNITION			
Point in time	3,574	1,392	4,966
Over time	36,439	9,218	45,657
<b>Total revenue</b>	<b>40,013</b>	<b>10,610</b>	<b>50,623</b>
Expenditure	(37,270)	(9,083)	(46,353)
<b>Segment contribution (1)</b>	<b>2,743</b>	<b>1,527</b>	<b>4,270</b>

12 MONTHS 30 SEPTEMBER 2020	UTILITY	AIRPORT	TOTAL
AUDITED	NZ\$000	NZ\$000	NZ\$000
TIMING OF REVENUE RECOGNITION			
Point in time	7,379	2,018	9,397
Over time	74,397	16,739	91,136
<b>Total revenue</b>	<b>81,776</b>	<b>18,757</b>	<b>100,533</b>
Expenditure	(71,565)	(16,875)	(88,440)
<b>Segment contribution (1)</b>	<b>10,211</b>	<b>1,882</b>	<b>12,093</b>

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

## NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

A reconciliation of segment contribution (1) to profit attributable to the shareholders of the company is as follows:

	6 MONTHS 31 MARCH 2021 UNAUDITED NZ\$000	6 MONTHS 31 MARCH 2020 UNAUDITED NZ\$000	12 MONTHS 30 SEPTEMBER 2020 AUDITED NZ\$000
<b>Segment contribution (1)</b>	<b>6,970</b>	<b>4,270</b>	<b>12,093</b>
Depreciation and amortisation	(5,382)	(6,407)	(12,354)
Revaluation of acquisition related financial liabilities	-	(38)	891
Impairment of goodwill and intangible assets	-	(12,218)	(34,511)
Net finance income / (expense)	(1,345)	881	(386)
Income tax income / (expense)	(1,360)	709	2,561
<b>Loss attributable to the shareholders of the company</b>	<b>(1,117)</b>	<b>(12,803)</b>	<b>(31,706)</b>

	6 MONTHS 31 MARCH 2021 UNAUDITED NZ\$000	6 MONTHS 31 MARCH 2020 UNAUDITED NZ\$000	12 MONTHS 30 SEPTEMBER 2020 AUDITED NZ\$000
REVENUE BY DOMICILE OF ENTITY			
Australia	11,159	10,070	22,659
New Zealand	6,520	9,264	16,447
United Kingdom	29,682	27,747	55,458
Rest of World	3,592	3,542	5,969
<b>Total revenue</b>	<b>50,953</b>	<b>50,623</b>	<b>100,533</b>
REVENUE BY DOMICILE OF CUSTOMER			
Australia	12,219	11,737	25,755
New Zealand	4,356	4,579	8,456
United Kingdom	28,015	26,462	52,746
Rest of World	6,363	7,845	13,576
<b>Total revenue</b>	<b>50,953</b>	<b>50,623</b>	<b>100,533</b>

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

# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 3. REVENUE

	6 MONTHS 31 MARCH 2021 UNAUDITED NZ\$000	6 MONTHS 31 MARCH 2020 UNAUDITED NZ\$000	12 MONTHS 30 SEPTEMBER 2020 AUDITED NZ\$000
OPERATING REVENUE:			
Annual fees	29,817	29,733	60,394
Support services	9,621	10,029	20,636
Project services	7,953	7,192	13,286
Licenses	804	1,350	2,177
Other	1,637	1,439	2,070
<b>Total operating revenue</b>	<b>49,832</b>	<b>49,743</b>	<b>98,563</b>
OTHER INCOME:			
Government grants	1,121	880	1,970
<b>Total revenue</b>	<b>50,953</b>	<b>50,623</b>	<b>100,533</b>

## 4. EXPENDITURE

	6 MONTHS 31 MARCH 2021 UNAUDITED NZ\$000	6 MONTHS 31 MARCH 2020 UNAUDITED NZ\$000	12 MONTHS 30 SEPTEMBER 2020 AUDITED NZ\$000
LOSS BEFORE TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:			
Employee entitlements	34,601	33,904	65,780
Administrative costs	2,095	3,612	6,721
Third party customer-related costs	2,784	3,738	6,450
Advertising and marketing	392	617	898
Consulting and subcontracting	2,730	3,046	5,754
Other operating expenses	1,381	1,436	2,837
<b>Total expenditure</b>	<b>43,983</b>	<b>46,353</b>	<b>88,440</b>

## NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

### 5. NET FINANCE EXPENSES

	6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
	UNAUDITED	UNAUDITED	AUDITED
	NZ\$000	NZ\$000	NZ\$000
<b>FINANCE INCOME</b>			
Interest income	8	4	7
Foreign exchange gains	-	1,635	928
	<b>8</b>	<b>1,639</b>	<b>935</b>
<b>FINANCE EXPENSE</b>			
Interest expense	(103)	(270)	(383)
Lease liability finance charges	(421)	(480)	(931)
Interest paid - NPV discount	-	(8)	(7)
Foreign exchange losses	(829)	-	-
	<b>(1,353)</b>	<b>(758)</b>	<b>(1,321)</b>
<b>Net finance (expense) / income</b>	<b>(1,345)</b>	<b>881</b>	<b>(386)</b>

### 6. CASH AND CASH EQUIVALENTS

	6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
	UNAUDITED	UNAUDITED	AUDITED
	NZ\$000	NZ\$000	NZ\$000
Bank balances	24,965	11,119	19,320
Cash on hand	1	1	1
<b>Total cash and cash equivalents</b>	<b>24,966</b>	<b>11,120</b>	<b>19,321</b>

### 7. TRADE AND OTHER RECEIVABLES

	6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
	UNAUDITED	UNAUDITED	AUDITED
	NZ\$000	NZ\$000	NZ\$000
Trade receivables	18,245	17,183	15,084
Impairment provision - Expected credit loss	(368)	(476)	(390)
Impairment provision - Specific provision	(2,569)	(2,827)	(3,460)
Provision for volume discounts	(377)	(159)	(131)
Contract assets	4,367	8,685	5,683
Sundry receivables and prepayments	1,850	2,682	2,165
<b>Total trade and other receivables</b>	<b>21,148</b>	<b>25,088</b>	<b>18,951</b>

Due to the uncertainty caused by COVID-19 a specific provision of \$0.2m is being held against the Airport segments trade receivables to cover potential impairment.



# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 7. TRADE AND OTHER RECEIVABLES (CONTINUED)

	6 MONTHS 31 MARCH 2021 UNAUDITED NZ\$000	6 MONTHS 31 MARCH 2020 UNAUDITED NZ\$000	12 MONTHS 30 SEPTEMBER 2020 AUDITED NZ\$000
Opening balance	3,850	2,868	2,868
Movement in impairment provision	(919)	650	2,052
Effect of movement in foreign exchange	6	151	13
Bad debt written off	-	(366)	(1,083)
<b>Total trade receivables impairment provision</b>	<b>2,937</b>	<b>3,303</b>	<b>3,850</b>

## 8. LOANS AND BORROWINGS

Gentrack Group has a NZ\$20 million multi-currency facility with ASB Bank Limited to provide additional funding as required for acquisitions and general corporate purposes. This facility expires on 28 March 2022.

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

At 31 March 2021, \$2.6m (2020: \$4.7m) has been drawn down for working capital and to fund potential acquisitions.

## 9. SHARE CAPITAL

	SHARES ISSUED			SHARE CAPITAL		
	31 MARCH 2021 UNAUDITED 000	31 MARCH 2020 UNAUDITED 000	30 SEPTEMBER 2020 AUDITED 000	31 MARCH 2021 UNAUDITED NZ\$000	31 MARCH 2020 UNAUDITED NZ\$000	30 SEPTEMBER 2020 AUDITED NZ\$000
Ordinary Shares	98,645	98,645	98,645	191,229	191,229	191,229
Issue of new ordinary shares	-	-	-	-	-	-
	<b>98,645</b>	<b>98,645</b>	<b>98,645</b>	<b>191,229</b>	<b>191,229</b>	<b>191,229</b>

## 10. RELATED PARTIES

Key management personnel that have the authority and responsibility for planning, directing, and controlling the activities of Gentrack Group, directly or indirectly and include the Directors, the Chief Executive Officer and their direct reports.

Key management personnel compensation for the period was \$2.3m (2020: \$2.0m). Directors fees were \$0.2m for the period (2020: \$0.2m).

Related parties are materially consistent with those disclosed in the 2020 Annual Report.

# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 11. EMPLOYEE SHARE SCHEME

During the period Gentrack Group granted at total of 1,756,298 (2020: 217,141) unlisted performance rights for nil consideration to employees under the Senior Management Long Term Incentive Scheme (1,163,947) and The Gentrack Long Term Incentive Scheme (592,351). Vesting is conditional on the completion of the necessary years' service to the vesting date and performance goals over the vesting period for the Senior Management Long Term Incentive Scheme.

During the period, no performance rights vested (2020: nil) and the unvested performance rights were forfeited. Please refer to the 2020 Annual Report for further information on the Senior Management Long Term Incentive Share Scheme.

## 12. LEASE ASSETS AND LEASE LIABILITIES

### RECOGNITION AND MEASUREMENT OF GENTRACK GROUP'S LEASING ACTIVITIES

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

Prior to 1 October 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 October 2019, leases are recognised as a right of use asset (lease asset) and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The lease asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

Lease assets are measured at cost comprising the following:

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

# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 12. LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

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

### LEASE ASSETS

	6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
	UNAUDITED	UNAUDITED	AUDITED
	NZ\$000	NZ\$000	NZ\$000
Opening balance	10,338	12,671	12,671
Lease amendments	185	-	-
Depreciation charges	(1,157)	(1,182)	(2,350)
Exchange differences	(2)	102	17
<b>Total lease assets</b>	<b>9,364</b>	<b>11,591</b>	<b>10,338</b>
Property	9,346	11,536	10,302
Office equipment	18	55	36
<b>Total lease assets</b>	<b>9,364</b>	<b>11,591</b>	<b>10,338</b>

### LEASE LIABILITIES

	6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
	UNAUDITED	UNAUDITED	AUDITED
	NZ\$000	NZ\$000	NZ\$000
Opening balance	15,127	17,620	17,620
Lease amendments	185	-	-
Principal repayments	(1,386)	(1,246)	(2,457)
Exchange differences	14	126	(36)
<b>Total lease liabilities</b>	<b>13,940</b>	<b>16,500</b>	<b>15,127</b>
Less than one year	2,204	2,643	2,692
One to five years	5,340	5,914	5,229
More than five years	6,396	7,943	7,206
<b>Total lease liabilities</b>	<b>13,940</b>	<b>16,500</b>	<b>15,127</b>

### LEASE EXPENSES

	6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
	UNAUDITED	UNAUDITED	AUDITED
	NZ\$000	NZ\$000	NZ\$000
Depreciation charges	1,157	1,182	2,351
Finance charges	421	480	931
<b>Lease expenses</b>	<b>1,578</b>	<b>1,662</b>	<b>3,282</b>

## NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

### 13. GOODWILL

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

	6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
	UNAUDITED	UNAUDITED	AUDITED
	NZ\$000	NZ\$000	NZ\$000
Opening balance	106,599	134,434	134,434
Goodwill impairment	-	(8,710)	(28,040)
Exchange rate differences	486	5,308	205
<b>Closing net book value</b>	<b>107,085</b>	<b>131,032</b>	<b>106,599</b>
Goodwill allocated to Utilities	104,185	128,132	103,699
Goodwill allocated to Airport 20/20	2,900	2,900	2,900
<b>Net book value</b>	<b>107,085</b>	<b>131,032</b>	<b>106,599</b>

### 14. IMPAIRMENT TESTING

At each reporting date, Gentrack Group assesses whether there is any indication that an asset may be impaired. For the period ended 31 March 2021 no indicators of impairment were present and as a result no impairment testing was required to be carried out.

# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 15. INTANGIBLE ASSETS

31 MARCH 2021	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADEMARKS	CAPITALISED DEVELOPMENT	TOTAL
UNAUDITED	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Opening balance</b>	<b>25,046</b>	<b>12,888</b>	<b>5,024</b>	<b>454</b>	<b>2,016</b>	<b>45,428</b>
Additions	-	-	-	-	-	-
Amortisation	(2,317)	(1,194)	-	(82)	(271)	(3,864)
Impairment	-	-	-	-	-	-
Movement in foreign exchange	132	67	-	2	2	203
<b>Closing net book value</b>	<b>22,861</b>	<b>11,761</b>	<b>5,024</b>	<b>374</b>	<b>1,747</b>	<b>41,767</b>
Cost	45,179	24,247	5,024	845	2,734	78,029
Accumulated amortisation	(22,318)	(12,486)	-	(471)	(987)	(36,262)
<b>Net book value</b>	<b>22,861</b>	<b>11,761</b>	<b>5,024</b>	<b>374</b>	<b>1,747</b>	<b>41,767</b>

31 MARCH 2020	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADEMARKS	CAPITALISED DEVELOPMENT	TOTAL
UNAUDITED	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Opening balance</b>	<b>31,413</b>	<b>15,718</b>	<b>5,024</b>	<b>621</b>	<b>7,706</b>	<b>60,482</b>
Additions	-	-	-	-	779	779
Amortisation	(2,498)	(1,256)	-	(85)	(880)	(4,719)
Impairment	(1,627)	(393)	-	-	(1,502)	(3,522)
Movement in foreign exchange	1,529	752	-	32	53	2,366
<b>Closing net book value</b>	<b>28,817</b>	<b>14,821</b>	<b>5,024</b>	<b>568</b>	<b>6,156</b>	<b>55,386</b>
Cost	46,814	25,072	5,024	887	7,472	85,269
Accumulated amortisation	(17,997)	(10,251)	-	(319)	(1,316)	(29,883)
<b>Net book value</b>	<b>28,817</b>	<b>14,821</b>	<b>5,024</b>	<b>568</b>	<b>6,156</b>	<b>55,386</b>

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



# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 16. FINANCIAL INSTRUMENTS

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

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

### CASH AND CASH EQUIVALENTS

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

### TRADE RECEIVABLES

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

### TRADE PAYABLES

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

### LOANS AND BORROWINGS

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

### FAIR VALUES

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

Level 1 - fair value measurements derived from quoted prices in active markets for identical assets.

Level 2 - fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - fair value measurements derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data.

There have been no transfers between levels or changes in the valuation methods used to determine the fair value of Gentrack Group's financial instruments during the period. At 31 March 2021, Gentrack Group has no level 3 financial instruments (2020: \$Nil)

### FINANCIAL INSTRUMENTS BY CATEGORY

	6 MONTHS 31 MARCH 2021	6 MONTHS 31 MARCH 2020	12 MONTHS 30 SEPTEMBER 2020
	UNAUDITED	UNAUDITED	AUDITED
	NZ\$000	NZ\$000	NZ\$000
<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST</b>			
Cash and cash equivalents	24,966	11,120	19,321
Trade and other receivables	21,148	25,088	18,951
	<b>46,114</b>	<b>36,208</b>	<b>38,272</b>
<b>FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>			
Loans and borrowings	(2,555)	(5,168)	(2,536)
Trade payables	(4,800)	(3,535)	(1,803)
Lease liabilities	(13,940)	(16,500)	(15,127)
	<b>(21,295)</b>	<b>(25,203)</b>	<b>(19,466)</b>

# NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

## 17. CAPITAL COMMITMENTS

There are no capital expenditure commitments at 31 March 2021 (2020: \$Nil).

## 18. CONTINGENCIES

ASB New Zealand has provided guarantees of \$1.2m (2020: \$0.8m) on behalf of Gentrack Group, these guarantees are in place for implementation projects, property leases and exchange listings.

## 19. EVENTS AFTER BALANCE DATE

On 27 May 2021, the Gentrack Group Board determined that no interim dividend will be paid out for the first half of this financial year (2020: \$Nil).

## **Independent Auditor's Review Report**

### **To The Shareholders Of Gentrack Group Limited**

#### **Conclusion**

We have reviewed the consolidated interim financial statements of Gentrack Group Limited ("the Company") and its subsidiaries (together "the Group") on pages 5 to 20 which comprise the consolidated condensed statement of financial position as at 31 March 2021, and the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements on pages 5 to 20 of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 March 2021, and its financial performance and its cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

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

#### **Basis for Conclusion**

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

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

#### **Directors' Responsibility for the Consolidated Interim Financial Statements**

The Directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.



## **Auditor's Responsibilities for the Review of the Consolidated Interim Financial Statements**

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those consolidated interim financial statements.

The logo for Ernst &amp; Young, featuring the company name in a stylized, cursive script font.

Chartered Accountants  
Auckland, New Zealand  
27 May 2021

# CORPORATE DIRECTORY

## REGISTERED OFFICE

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## NEW ZEALAND INCORPORATION NUMBER

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## AUSTRALIAN REGISTERED BODY NUMBER (ARBNI)

169 195 751

## DIRECTORS

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

## COMPANY SECRETARY

Jon Kershaw

## AUDITOR

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## LEGAL ADVISERS

BELL GULLY

## BANKERS

ASB BANK LIMITED  
ANZ LIMITED  
HSBC PLC

## SHARE REGISTRAR

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