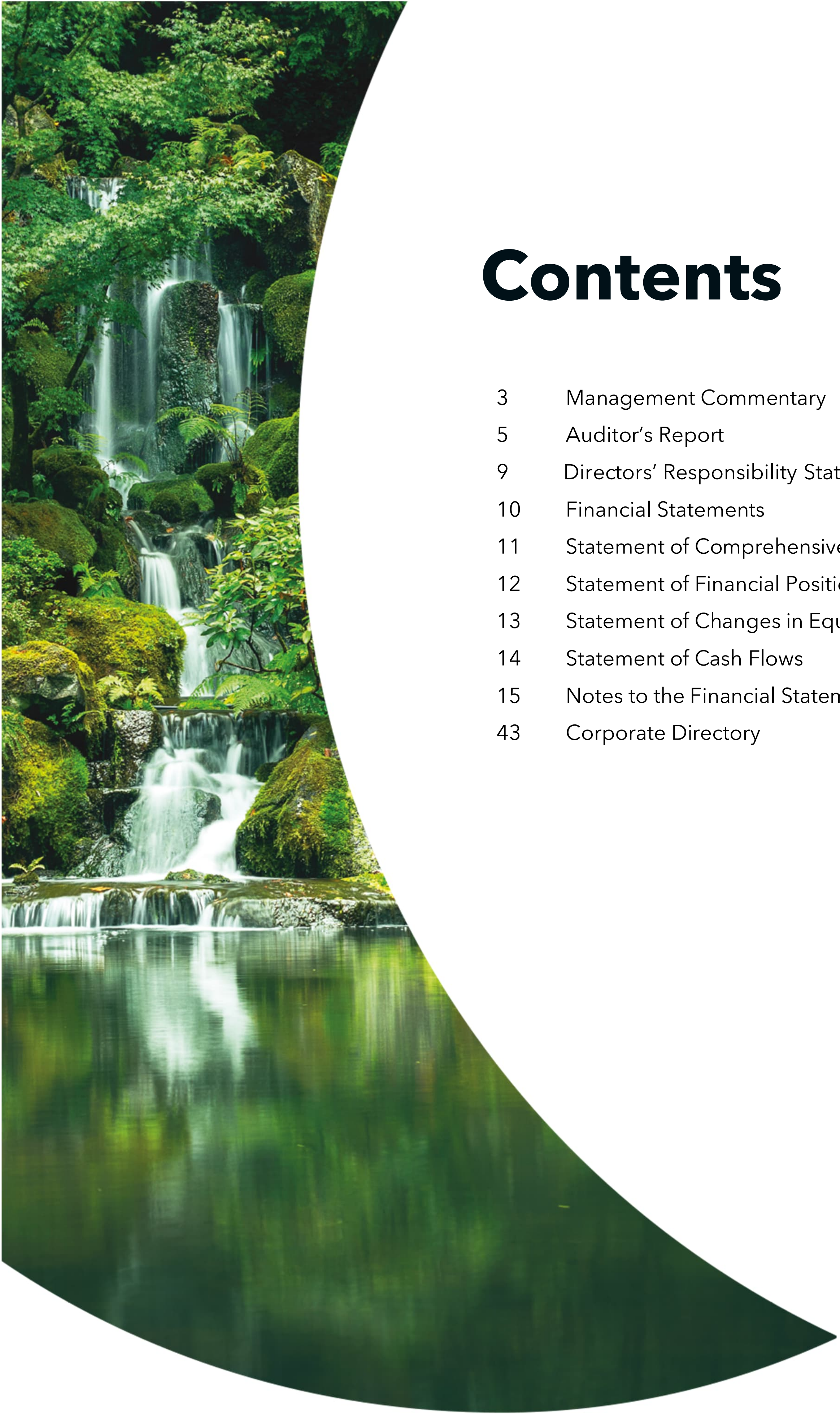
Gentrack Group Limited

Financial Statements

For the year ended 30 September 2022



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Chairman and CEO's Commentary

- **Revenue: $126.3m – up 19.5% on FY21**
- **EBITDA $8.1m – down $4.6m in line with guidance & tech investment**
- **Statutory NPAT: ($3.3m) loss v $3.2m profit in FY21**
- **Cash: $27.4m – up $1.4m over FY21**
- **G2 Launched: our technology stack modernised as cloud native**
- **No Dividend payable**

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

Financial performance

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

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

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

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

Business growth

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

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

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

Our technology and delivery capabilities

In September 2022, we launched our new composable, cloud based, technology stack, G2. This is a key milestone for our Utilities business and brings together three technology leaders; Gentrack, Salesforce and AWS, to create a modern next generation platform. This will allow our existing customers the opportunity to benefit from greater flexibility and innovation and positions us well to win and service new Tier one & Tier two operators.

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

Chairman and CEO's Commentary

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

Market dynamics

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

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

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

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

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

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

Andy Green, CBE

Chairman

Gary Miles

CEO

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Independent Auditor's Report

To the shareholders of Gentrack Group Limited

Opinion

We have audited the financial statements of Gentrack Group Limited and its subsidiaries (together "the Group") on pages 11 to 42, which comprise the consolidated statement of financial position of the Group as at 30 September 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 11 to 42 present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2022 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for opinion

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

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Revenue recognition – software implementation

Why significant	How our audit addressed the key audit matter

The Group has reported revenues of $126 million. The accounting for the portion of revenue related to software implementation projects of $22 million, which is part of the licences and project services revenue, requires consideration of the inherent complexities of software implementation projects and using estimation. As a result we consider this a key audit matter.
 	
Revenue from implementation projects is recognised based on the stage of completion using either the proportion of actual hours at the reporting date compared to management estimates for total forecast hours or with reference to milestones.
 	
Accurate recording of this revenue is highly dependent on:
▶ Detailed knowledge of individual characteristics of a contract, including its unique terms, knowledge of the software and expected length of time to complete contractual milestones;
▶ Ongoing adjustments to estimated hours to complete implementation taking into consideration changes in scope, estimated timing and project delays; and
▶ Changes to total project revenue for contract variation or additional billing for changes in scope or additional hours incurred.
 	
Disclosures in relation to the Group's revenue are included in note 3.2 to the consolidated financial statements.
	In obtaining sufficient appropriate audit evidence, we:
	▶ selected a sample of implementation projects focusing on projects that were in progress at balance date. For the projects selected, where relevant, we:
	  ▶ assessed whether revenue recognised was consistent with contractual terms and accounting standard requirements, including any allocations of contract revenue between initial license fee, design and implementation, and maintenance phases of the contracts;
	  ▶ obtained the project status reports as at 30 September 2022 and considered whether the project manager had performed a review to ensure the forecast hours to complete reflect current expectations;
	  ▶ recalculated revenue to date based on actual hours incurred as a percentage of total forecast hours to ensure revenue was recognised in line with the project manager's estimate; and
	  ▶ assessed the forecast hours to complete and project status through discussion with project managers and senior management, and challenged significant changes in total forecast hours post year end to understand if these should have been reflected in the forecast as of the year end.
	▶ assessed appropriateness of the deferred revenue balance at year end by reference to the percentage of completion of implementation projects; and
	▶ considered the adequacy of the associated disclosures in the financial statements.

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Goodwill and Brand intangible assets' impairment assessment

Why significant	How our audit addressed the key audit matter

The Group's statement of financial position includes $111 million of goodwill and brand assets at 30 September 2022, which make up 52% of the Group's total assets.
 	
NZ IAS 36 Impairment of Assets requires goodwill and intangible assets with indefinite useful lives to be tested for impairment annually irrespective of whether there are any indicators of impairment. This assessment requires judgement including consideration of both internal and external sources of information.
 	
Goodwill and brands are allocated to two cash generating units (CGUs), being Utilities and Veovo.
 	
In considering whether goodwill and brands were impaired, the Group estimated the recoverable amount of each CGU using a discounted cash flow model and key assumptions as disclosed in note 5.3 of the financial statements.
	In obtaining sufficient appropriate audit evidence, we:
	
	▶ assessed the Group's determination of CGUs based on our understanding of the nature of the Group's business units
	
	▶ engaged our valuation specialists to assess the conclusions of the Group in relation to impairment. In doing so they:
	
	    ▶ identified a set of comparable companies and determined the EBITDA and Revenue multiples relevant to their next financial year; and
	
	    ▶ considered the range of publicly available EBITDA and Revenue multiples to the multiple level which would result in a different impairment conclusion for each of the Group's CGUs
	
	▶ considered the Group's next year revenue and EBITDA forecasts and challenged whether these and the assumptions used in assessing them fell within reasonable ranges
	
	▶ considered the accuracy of previous Group forecasts for the next financial period to inform our evaluation of forecasts included in the impairment models
	
	▶ performed sensitivity analysis in relation to the next year forecast revenue and EBITDA to consider the potential impact of changes in these assumptions; and
	
	▶ evaluated the adequacy of the related financial statement disclosures.

Information other than the financial statements and auditor's report

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

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

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

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

Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Ernst + Young

Chartered Accountants
Wellington
28 November 2022

DIRECTORS RESPONSIBILITY STATEMENT

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

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

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

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

For and on behalf of the Board of Directors:

A G Green

Andy Green

Chairman
Date: 28 November 2022

Fiona Oliver

Fiona Oliver

Director
Date: 28 November 2022

Financial Statements
30 September 2022

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

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

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

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

Andy Green
Chair

Date: 28 November 2022

Fiona Oliver
Director

Date: 28 November 2022

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

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

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

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

GENERAL INFORMATION | ACCOUNTING POLICES | CRITICAL JUDGEMENTS

GENERAL INFORMATION

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

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

ACCOUNTING POLICIES

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

Accounting policies are identified by this symbol above.

CRITICAL JUDGEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

2.1 KEY LEGISLATION AND ACCOUNTING STANDARDS

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

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

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

2.2 BASIS OF CONSOLIDATION

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

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

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

TRANSACTIONS AND BALANCES

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

FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

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

2.3 BUSINESS COMBINATIONS

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

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

2.3 BUSINESS COMBINATIONS (CONTINUED)

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

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

2.4 GROUP INFORMATION

The financial statements include the following subsidiaries:

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

2.5 IMPACT OF STANDARDS ISSUED BUT NOT YET ADOPTED

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

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

3. GROUP PERFORMANCE

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

3.1 OPERATING SEGMENTS

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

Gentrack Group currently operates in two business segments, utility billing software and airport management software. Consistent with prior years, Gentrack Group's corporate costs are included in the utility segment. These segments have been determined based on the reports reviewed by the Board (Chief Operating Decision Maker) to make strategic decisions.

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

2022	UTILITY	AIRPORT	TOTAL
	NZ$000	NZ$000	NZ$000
TIMING OF REVENUE RECOGNITION			
Point in time	23,007	1,904	24,911
Over time	85,203	16,185	101,388
Total revenue	**108,210**	**18,089**	**126,299**
Expenditure	(102,294)	(15,891)	(118,185)
Segment contribution (1)	**5,916**	**2,198**	**8,114**

2021	UTILITY	AIRPORT	TOTAL
	NZ$000	NZ$000	NZ$000
TIMING OF REVENUE RECOGNITION			
Point in time	10,973	1,636	12,609
Over time	77,982	15,132	93,114
Total revenue	**88,955**	**16,768**	**105,723**
Expenditure	(79,604)	(13,392)	(92,996)
Segment contribution (1)	**9,351**	**3,376**	**12,727**

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

3.1 OPERATING SEGMENTS (CONTINUED)

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

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

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

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

3.2 OPERATING REVENUE

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

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

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

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

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

ANNUAL FEES

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

SUPPORT SERVICES

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

LICENSES

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

PROJECT SERVICES

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

MANAGED SERVICES

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

OTHER

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

3.2 OPERATING REVENUE (CONTINUED)

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

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

3.3 OTHER INCOME

GOVERNMENT GRANTS

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

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

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

3.4. EXPENDITURE

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

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

3.4. EXPENDITURE (CONTINUED)

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

3.5 DEPRECIATION AND AMORTISATION

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

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

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

3.6. NET FINANCE EXPENSES

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

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

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

4. CASH, BORROWINGS AND CASH FLOWS

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

4.1 RECONCILIATION OF NET SURPLUS TO CASH FLOWS

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

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

4.2 BANK FACILITIES AND BORROWINGS

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

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

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

4.3. CASH AND CASH EQUIVALENTS

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

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

5. ASSETS AND LIABILITIES

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

5.1. TRADE AND OTHER RECEIVABLES

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on trade receivables and contract assets net of specific provisions applying lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

MOVEMENT IN TRADE RECEIVABLES IMPAIRMENT PROVISION

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

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

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5.1 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

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

5.2 GOODWILL

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

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

5.3 IMPAIRMENT TESTING

IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS

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

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

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

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

IMPAIRMENT TESTING RESULTS

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

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

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

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

5.4 INTANGIBLE ASSETS

CAPITALISED DEVELOPMENT

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

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

5.4 INTANGIBLE ASSETS (CONTINUED)

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

BRANDS

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

OTHER INTANGIBLE ASSETS

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

AMORTISATION

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

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

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

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

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

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FOR THE YEAR ENDED 30 SEPTEMBER 2022

5.4 INTANGIBLE ASSETS (CONTINUED)

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

5.5 PROPERTY PLANT AND EQUIPMENT

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

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

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

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

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

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

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

5.5 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

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

5.6 TRADE PAYABLES AND ACCRUALS

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

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

5.7 EMPLOYEE ENTITLEMENTS

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

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

5.8 INVENTORY

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

6. CAPITAL STRUCTURE

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

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

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

6.1 CAPITAL MANAGEMENT

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

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

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

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

6.2 SHARE BASED PAYMENTS

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

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

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

Share based payments were introduced to:
- Assist with the retention of eligible employees
- Significantly increase the number of Gentrack Group employees that have a stake in Gentrack Group
- Give eligible employees a share in Gentrack Group's future performance

Gentrack Group operates the follow three share schemes:

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

6.2 SHARE BASED PAYMENTS (CONTINUED)

- Gentrack Long Term Incentive Scheme – This scheme was introduced in 2021 for selected key employees who are not part of the senior leadership long term incentive scheme. The performance rights vesting under this scheme are subject to the participants continuing to be employed by Gentrack Group at the end of the vesting period.

- CEO Long Term Incentive Scheme – This scheme was introduced in 2020 for the CEO. Under the initial grant, approved in 2021, performance rights were subject to a combination of immediate vesting and 12 and 13 months tenure. These performance rights have now all vested. Under the subsequent annual grants, starting October 2021, performance rights are subject to a combination of tenure and EPS hurdles vesting across a 3 year period from the date of grant.

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

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

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

6.2 SHARE BASED PAYMENTS (CONTINUED)

PERFORMANCE RIGHTS MOVEMENTS

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

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

6.3 DIVIDENDS

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

6.4 EARNINGS PER SHARE

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

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

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

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

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

7. TAX

7.1 INCOME TAX EXPENSE

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

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

RECONCILIATION OF INCOME TAX EXPENSE

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

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

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

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

7.2 DEFERRED TAX ASSETS AND LIABILITIES

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

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

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

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

7.2 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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

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

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

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

Movement in temporary timing differences during the year:

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

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

8. FINANCIAL RISK MANAGEMENT

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

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

8.1 CREDIT RISK

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

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

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

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

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

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

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

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

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

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

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

8.2 MARKET RISK

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

FOREIGN CURRENCY RISK

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

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

	AUD	GBP	EUR	USD	DKK
2022	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Cash and cash equivalents	5,965	16,027	1,176	786	69
Trade and other receivables	5,326	19,250	1,826	1,583	442
Trade and other payables	(721)	(3,815)	(63)	(60)	(53)
Net exposure	**10,570**	**31,462**	**2,939**	**2,309**	**458**
2021					
Cash and cash equivalents	10,756	8,002	496	855	183
Trade and other receivables	4,503	10,074	1,493	874	1,915
Trade and other payables	(132)	(2,608)	(72)	(354)	(562)
Net exposure	**15,127**	**15,468**	**1,917**	**1,375**	**1,536**

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

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

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

8.3 LIQUIDITY RISK

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

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

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

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

8.4 INTEREST RATE RISK

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

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

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

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

8.5 FINANCIAL INSTRUMENTS

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

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

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

CASH AND CASH EQUIVALENTS

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

TRADE RECEIVABLES

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

TRADE PAYABLES

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

FAIR VALUES

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

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

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

FINANCIAL INSTRUMENTS BY CATEGORY

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

9. OTHER INFORMATION

9.1 LEASE ASSETS AND LEASE LIABILITIES

RECOGNITION AND MEASUREMENT OF GENTRACK GROUP LEASING ACTIVITIES

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

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

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

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

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

Lease assets are measured at cost comprising the following:

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

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

LEASE ASSETS

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

Office equipment includes coffee machines and printer/copiers.

9.1 LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

LEASE LIABILITIES

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

LEASE EXPENSES

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

9.2 AUDITORS REMUNERATION

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

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

9.3 KEY MANAGEMENT AND RELATED PARTIES

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

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

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

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

9.4 OTHER DISCLOSURES

CAPITAL COMMITMENTS

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

CONTINGENCIES

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

EVENTS AFTER BALANCE DATE

There were no material events after balance date.

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

CORPORATE DIRECTORY

REGISTERED OFFICE

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NEW ZEALAND INCORPORATION NUMBER

3768390

AUSTRALIAN REGISTERED BODY NUMBER (ARBN)

169 195 751

DIRECTORS

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

COMPANY SECRETARY

Kerry Nickels

AUDITOR

EY

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LEGAL ADVISERS

BELL GULLY

BANKERS

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

SHARE REGISTRAR

NEW ZEALAND

LINK MARKET SERVICES LIMITED

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