Gentrack Group Limited

Annual Report **2019**

CONTENTS

FY19 **HEADLINES**

NEW CUSTOMERS

7 Utilities

3 Evolve Assurance projects

3 Airports

$78.2m Up 22% year on year — Full Year Recurring Revenue

$59.7m Up 15% year on year based on month 12 run rate — Annualised Committed Recurring Revenue

***c*.6.3m** 1.1m energy meters added in FY19 Up 21% on FY18 — UK Energy Meters billed using Gentrack Software

$13.5m Total R&D ($5.1m Capitalised) — Product Development

CA+ RESTRUCTURE

$13.3m Impairments — Full write-off of goodwill and intangibles recorded in H1 FY19, net of tax effects

$0.6m Doubtful Debts — Full year provisions

FINANCIAL **SUMMARY**

Revenue	**$111.7m** Up 7% on FY18
EBITDA[1]	**$24.8m** Down 19.8% on FY18
Adjusted NPAT[2]	**$9.6m** Down 31% on FY18
NPAT	**($3.3m)** After $14.6m impairment
Final Dividend	**3.0cps** Bringing full year dividend to 8.0cps

[1] Throughout this report EBITDA refers to profit before depreciation, amortisation, acquisition related costs, revaluation of financial liabilities, impairment of goodwill, financing and tax.

[2] Adjusted NPAT—Underlying NPAT before non-cash charges related to impairment.

CHAIRMAN AND CEO **COMMENTARY**

DEAR SHAREHOLDERS

In completing our financial year to 30 September 2019, we reflect on what has been a year of transition for the Gentrack business including the development of new SaaS products, our subscription model and investment in new skills to support our SaaS pathway.

While total Group revenue for FY19 was up 7% on prior year to $111.7m and EBITDA was down 20% to $24.8m for the same period, it is pleasing to see recurring revenue up 22% on FY18 which accounted for 70% of total revenue. Progress with the shift to SaaS has also seen a fall in non-recurring revenue from project services and licences, down 24% for the year.

It has been a challenging year for many of our energy customers with government intervention in pricing reducing margins for energy retailers in the UK and Australia. Despite this, we have seen our customers use our latest solutions to support their business success and in turn their growth has contributed to increases in our annual recurring revenue for utilities for the year, up 26% on FY18 to $67.9m. The UK business achieved 36% revenue growth on FY18 with the addition of four new energy retail customers, a water utility customer and three new Evolve projects.

Debt provisions of $1.8m relating to four small UK utilities customers going into administration, and deferral of project revenues, have contributed to a lower

EBITDA result in FY19. We are actively engaged with our customers regarding the market and political changes impacting their businesses and remain committed to delivering our solutions and expertise to enable them to successfully navigate this period of uncertainty.

We have grown our position in Singapore following further investment in our productised billing solution for the energy retail market. This year we added one of Singapore's largest clean energy solution providers as a customer, supporting their continued growth as a competitive energy retailer in the island city-state.

Our leading position in the UK energy market has continued in FY19 with 6.3m meters now billed using our solutions, up 21% on FY18 and representing 12.1% market share. Large energy retailers E.ON, EDF Energy and Npower commenced billing with Gentrack solutions this year, providing a platform for continued market share growth with the largest energy retailers. The recently acquired Evolve solution for utilities revenue and cost assurance has continued to perform well and three of our existing customers in the UK have taken up this offering.

Veovo, our airports business, added new customers in FY19 including Perth, Mexico City, London Luton and Buenos Aires, lifting revenues 22% on last year. Our largest deployment of the airport operations solution at Orlando Airport also went live in FY19, alongside a major project at Newark Liberty Airport, significantly expanding our position in North America.

As reported at our half-year, the performance of CA+, acquired in May 2017, was not as anticipated. The full year reported net loss after tax of ($3.3m) reflected the full impairment of CA+ intangibles and goodwill of $14.6m at half year. This has directly impacted the adjusted net profit after tax result of $9.6m for FY19, down 31% from $13.9m in FY18. Notwithstanding this, we anticipate adding some of the key capabilities of the CA+ solution into future releases of our existing solutions based on the intellectual property acquired.

Investment in product development continued throughout FY19 with total R&D spend of $13.5m, of which $5.1m was capitalised. Our product development program has delivered Gentrack Cloud solutions for energy and water retail markets this year, setting us up for new opportunities heading into 2020. In addition, we have delivered productised billing and customer management solutions for energy retail in the UK, Australia and Singapore, and business water retailing in the UK. We also delivered a new cloud-based Meter Data Services offering which will provide our utilities customers with a cloud-service to process unprecedented volumes of meter data generated by smart meters which is then used to make targeted energy supply offers to consumers and businesses based on the time of use.

Following our half-year dividend of 5.0cps, we have declared a final dividend of 3.0cps for FY19, taking the full year dividend to 8.0cps. This represents a total pay-out of $7.9m and 82% of Adjusted NPAT, in line with our dividend policy.

With continuing uncertainty in our core markets delaying investment decisions for our customers, we anticipate results will be broadly flat in FY20. We do however expect a further positive shift in recurring revenues as we continue to increase the penetration of our SaaS offering.

We would like to thank all of our customers, shareholders and employees for their ongoing support and continued commitment to the Gentrack business.

John Clifford
Chairman

Ian Black
Chief Executive Officer

FY18 COMPARATIVES

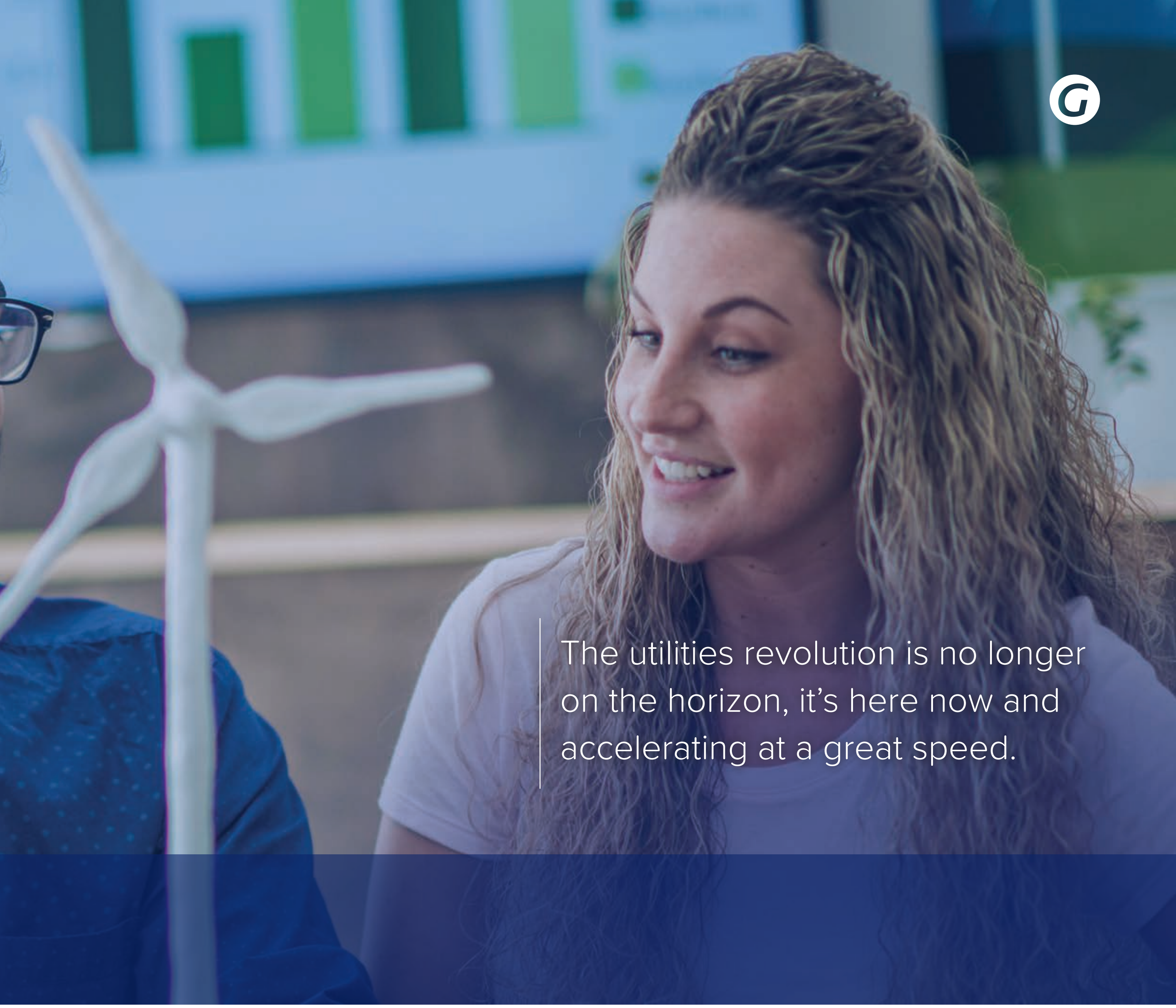
	FY19
Utilities: Annual Recurring Revenue	↑26%
Non-recurring revenues: Projects and licences	↓24%
Airports Revenue	↑22%
Utilities Revenue: UK	↑36%
Airports Revenue: North America	↑155%

> We've made positive progress with a number of our strategic objectives for FY19, increasing our recurring revenues and furthering the adoption of our cloud solutions. The UK continued to be a growth market for us and the Airports business delivered solid growth especially in the USA.
>
> Ian Black, CEO

ENABLING THE **UTILITIES REVOLUTION**

TOUGH TIMES FOR ENERGY SUPPLIERS

There's no denying it's been a tough year for energy retailers. As we reported in our half and full year results, the market dynamics influenced by regulatory changes, margin impacting price caps as well as political events, have all combined to create investment uncertainty for energy utilities. What does this mean for our customers? Simply, it impacts all market players—not just the larger incumbent energy suppliers, but also independent suppliers, often those with smaller balance sheets and real challenges keeping up with the pace of market changes. The spate of smaller UK energy suppliers going into administration in FY19 and acquisitions of the retail portfolios of two of the large UK suppliers are cases in point and highlight just how tough it is to operate successfully under the new market regulations. It means that utilities are looking for new ways to control the costs in their businesses, new digital strategies for engaging customers and non-traditional operating models that can deliver sustainable returns for shareholders.



The utilities revolution is no longer on the horizon, it's here now and accelerating at a great speed.

Market conditions creating headwinds for utilities and Gentrack

Energy price caps in the UK and Australia impacting energy retailer profits	Uncertain UK political environment
Financial pressure increasing for energy retailers	Challenges with a high level of system change with the roll-out of smart meters
Consolidation and failure of some UK utility businesses	Emerging billing and customer information suppliers

Market opportunities for utilities and Gentrack

A UTILITIES REVOLUTION BASED ON CUSTOMER DRIVEN DIFFERENTIATION

Energy suppliers are under pressure to ensure that they have efficient and compliant operations as well as a differentiated offering to attract and retain customers. Customer choice is essential, and this can be best achieved through crafting a unique business model that not only drives down cost to serve but rewards digital customer engagement and loyalty. Modern energy products on offer range from no exit fees and being the cheapest available, to green electrons, alignment with local community charities and subscription-based energy. All of which are aligned with the market segments where they deliver optimal value to customers. There's even an energy offering available for vegans.

NEW TECHNOLOGY CONTINUES TO CREATE OPPORTUNITIES

New technologies are also playing a significant role in the next iteration of the energy sector and it's an ongoing revolution. Smart meters, electric vehicles, solar PV, energy storage and new customer engagement technologies are all combining to provide opportunities for new entrant and established energy suppliers to craft a unique offering while customers themselves are becoming prosumers overnight. Falling costs and availability of these technologies mean that community-based energy is quickly becoming a reality with more control of green energy sources and usage in the hands of consumers.

GENTRACK IS UNIQUELY POSITIONED

As advisors to energy and water utilities, Gentrack is uniquely positioned to guide customers through this industry shift and continued uncertainty. More than ever, utilities are looking to Gentrack as a partner that enables them to navigate market changes as quickly as possible and to implement cost effective retail strategies that deliver a differentiated proposition, and ultimately customer growth and retention. Our people are experts in navigating these changes, and our latest SaaS capabilities are naturally aligned with the revolution changing the face of energy retailers and water corporations.

Total meters processed globally in Gentrack solutions:

ENERGY
10.9m

WATER
3.3m

ASSURANCE (EVOLVE)
20.0m

Gentrack Total: **Up 16%** on FY18

CUSTOMER DRIVEN DIFFERENTIATION IS THE COMPETITIVE ARENA

No more one size fits all

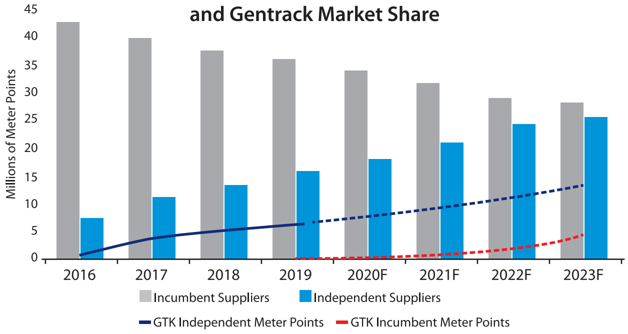
> Gentrack solutions continue to deliver the flexibility utilities need to innovate at pace and differentiate their offerings.

GENTRACK UK:
IN-MARKET UPDATE

Market conditions in the UK remain challenging for our clients. Setting aside political uncertainty that has dampened investment in all areas of the economy, Ofgem, the UK energy regulator, also raised the bar in April 2019 on customer service and financial security for new entrants and is contemplating doing even more in the months ahead. Margins remain tight for existing energy suppliers, with aggregate domestic supply profits of incumbent suppliers declining by 35% in their last reporting year. These conditions have led to a record number of consumer energy suppliers leaving the market. With Gentrack's broad market position and the unpredictability of the supplier of last resort process, the resulting transfer of customers is as likely to maintain our market share as much as it is to cause modest erosion in our base.

While this pace of change has been difficult to predict in this reporting year, Gentrack is positioned to benefit from these market conditions as well as the further consolidation of suppliers. A number of our smaller energy supply clients have continued to grow their base

UK Energy Meter Growth 2017–2023 and Gentrack Market Share



Sources: Ofgem actuals to FY19 with Gentrack estimates and projections beyond FY19

Energy: Total Addressable Market
No. of Meters

with innovative and well targeted propositions, and our mid-size and large clients continue to take consolidation opportunities offered in the market. Supporting these industry dynamics, Gentrack has continued to develop, innovate around and maintain regulatory compliance for an already highly capable product set covering billing, customer management and assurance.

Our energy strategy will continue to focus on increasing the quality of our revenue base in the UK, pushing into larger energy supply companies as they break free from existing inflexible and expensive enterprise billing solutions, and continuing to support the growth and service ambitions of our existing client base including a smaller number of new well funded market entrants. While investing in our UK market solutions in FY20 to support new opportunities for our energy supply clients, including smart meter deployment, we will continue to provide all of our clients with a highly performing, scalable, secure and compliant energy billing platform.

The business water retail market in the UK is now into its second year. While there are more than 20 national water retailers, nearly 95% of business customers are served by just seven water companies. Having successfully enrolled another major supplier to our water retail solution this year, Gentrack now serves around a third of the total market, with another third testing the market for new solutions in the coming year. With a proven, 'out-of-the-box' solution for business water retailers in the UK, Gentrack will be competing for these new opportunities while continuing to add value for customers through new product capabilities for the UK market.

GENTRACK AUSTRALIA: **IN-MARKET UPDATE**

The utilities sector in Australia has continued to come under pressure as a result of ongoing political dynamics. The Australian federal government has grappled with setting effective long-term energy policy, delaying the delivery of a new regulatory framework to manage the transition to low carbon intermittent generation such as solar, wind and tidal power. This has had an impact on investment certainty which is expected to continue until effective policy and market frameworks are established.

In the short-term, driving down energy prices remains a policy focus with an effective price cap being introduced across the bulk of the electricity market. The state of Victoria also introduced its own variation on the price caps to facilitate the move of consumers off long-term energy arrangements which were at higher prices and had provided larger margins to the utilities, particularly the three incumbent suppliers.

As a result, we have increasingly seen existing energy suppliers begin to explore new lower cost operating models and new players have started to enter the market with differentiated digital and lower cost to serve approaches, forcing many incumbents to reconsider their competitive proposition. The overall appetite for large transformation programmes has remained low and we are not seeing many market participants planning to undergo significant shifts in technology across their retail businesses.

We have continued to target new entrant energy suppliers and we're pleased to sign up the UK based, OVO Energy who entered the Australian market this year. We anticipate that any success of new market entrants will to a significant extent determine the response of the incumbents in the year ahead.

Energy: Total Addressable Market
No. of Meters

We do expect the continued cost-to-serve pressures for energy utilities, exacerbated by the introduction of the default market offer, to provide opportunities to bid Gentrack's SaaS billing and customer management solution to our existing customers who want to start piloting new business models and approaches.

Addressing ongoing regulatory change in electricity markets across Australia over the last year has continued to consume investment dollars for our customers. The introduction of 5-minute settlements in 2021 has given us the opportunity to deliver a new cloud-based solution, Gentrack Cloud Meter Data Services, to support the management of smart meter data. This data service delivers to Gentrack a new recurring revenue stream as our customers take this on a subscription basis.

Australian water utilities have continued to focus on customer experience and we have actively engaged with customers in FY19 around their CRM solutions. We have remained focused throughout the year on completing the delivery of our productised water billing and customer management solution to Hunter Water Corporation. Notable successes in the FY19 include the delivery of a new digital self-service portal for City West Water as well as technology upgrades for customers in Tasmania and South East Queensland.

We have seen rising interest from smaller water companies in our Gentrack Cloud solution as aging billing systems continue to create operational challenges. We anticipate increasing interest and activity in the year ahead as we round out our new solution for water companies.

GENTRACK NEW ZEALAND: **IN-MARKET UPDATE**

Our professional services team in Auckland has worked tirelessly in FY19 to support our utilities customers in the region impacted by regulatory changes introduced by the Electricity Authority. Since the New Zealand market was opened to competition in the mid-1990s and smart meters were rolled out to businesses and households, the volumes of meter and customer data have grown exponentially. This is creating opportunities for energy retailers, distributors and third-party service providers to understand the energy behaviours of customers and to offer new products and services that reflect how customers want to interact with their energy suppliers and the types of energy they want to consume.

The Electricity Authority implemented a series of changes that have required all of our customers in New Zealand to review and update their Gentrack platforms. Our professional services teams have been actively engaged with customers around these market changes which came into effect on 1 October 2019.

With wholesale electricity prices in New Zealand trending upwards, we have seen pressure on small energy retailers in the region, with no significant new entrants in the last 12 months. Customer churn levels have shown to benefit larger energy retailers in the market with the ability to weather higher wholesale energy prices. Larger energy retailers including our customers Genesis Energy, Trustpower and Meridian Energy have continued their market dominance, however there are still few large enterprise software projects expected in the region in FY20 as retailers focus on

Energy: Total Addressable Market
No. of Meters

customer service innovation and optimising costs of operation.

Competition has continued to evolve throughout FY19 with a number of small New Zealand based technology suppliers to utilities changing ownership and continuing their move into off-shore markets including Asia and EMEA where sizable populations and ongoing market liberalisation have presented opportunities.

Our focus in the region remains on engaging with energy retailers and network companies who continue to evolve with the proliferation of new energy technologies driving the energy revolution. The market will continue to provide opportunities for project services in FY20 aligned with regulatory changes and new non-traditional energy retail models designed to win the hearts and minds of customers. Our goal is to ensure that we have the right skills and customer success model in the New Zealand business in preparation for our customers' anticipated investment in SaaS throughout FY20.

GENTRACK SINGAPORE: **IN-MARKET UPDATE**

In the wake of Government policy to create a newly competitive market for all domestic energy customers, Singapore has continued its transformation into a fully competitive market place. Our experiences of the same industry changes in Australia, New Zealand and the UK have resulted in targeted investment throughout FY19 in a highly productised energy retail solution to enable Singapore energy retailers to comply with market regulations, sign-up and onboard new customers and effectively manage ongoing billing and customer management activities.

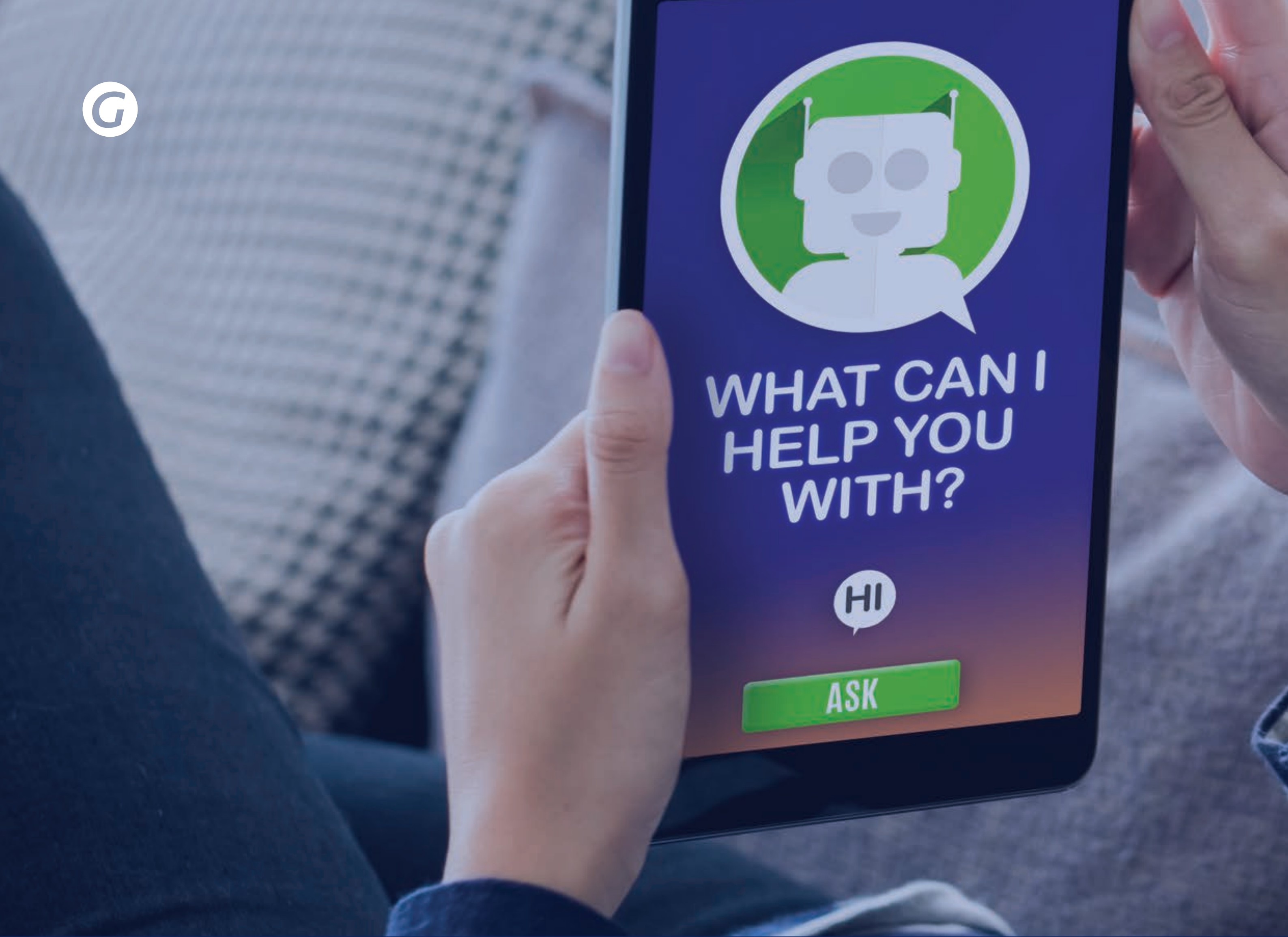
This year we successfully signed Singapore's most prominent green energy supplier and completed the deployment of our energy retail solution to a new retailer in record time, taking just three months from start to finish. The speed of deployment is essential to our customers who are looking for first-mover advantage with new customer offers, and in some cases rapid entry into the newly competitive market.

The operation of the competitive market hasn't been without its challenges. In FY19 we saw several new entrant and small energy retailers exiting the domestic market due to exorbitant costs of operation and compliance. Many established retailers have also consolidated their businesses, opting to reinvest in their products for business customers in the island city-state. This has led to fewer opportunities than anticipated for full enterprise system replacements for utilities in the back end of the year but afforded our product and development teams the time to ensure our solutions for

the Singapore energy market are robust and ready to roll out at pace as the market continues to develop in FY20.

The market currently has seven incumbent and a number of smaller energy retailers serving 1.5m domestic customers. Government owned Singapore Power remains the largest supplier of domestic customers, the balance of which we expect to change as smaller independent energy suppliers gain a foothold in the market. Those performing well in the competitive market to date appear to be energy retailers like Keppel, Sembcorp, TUAS, iSwitch and Ohm who are experienced energy market traders operating effective hedging strategies. These retailers have also based their retail strategies on unique products including green power, ease of switching and a partnership with Singapore Power enabling cost savings to be passed on to customers.

In FY19, the market dynamics have created challenges for Gentrack as we work to grow our position in the region. Singapore has quickly become a hub for further penetration into South East Asia, especially as competitive energy markets in the region emerge. This year, we were invited to advise the MyPower Corporation, a Government led programme driving power market reforms in Malaysia. The market is expected to open in the first quarter of 2021 providing opportunities for Gentrack to continue contributing its expertise to shape the competitive energy market in FY20.



FOCUS: **GENTRACK SAAS BILLING AND CUSTOMER MANAGEMENT**

SAAS IS THE FUTURE FOR UTILITY BILLING AND CUSTOMER MANAGEMENT

The energy and water revolution is moving at pace and utilities with the right technology, processes and culture in place have a proven ability to adapt their business models and product offerings rapidly to fit regulatory frameworks, market conditions and the opportunities presented for rapid growth. This means that they're bringing their products and services to customers quicker and more cost effectively, taking market share from competitors as customers seek better and more engaging experiences. The continual shift in the balance of market share in the UK to independent energy suppliers since competition was introduced is a case in point. Speed in competitive markets is of the essence along with the ability to adapt to change with the least business risk possible.

A shift to SaaS billing and customer management is a key enabler for utilities in competitive markets, freeing up people across the utility business to focus on delivering optimal value to customers. Projects for large on-premise enterprise billing and customer solutions licenced on a perpetual basis are making way for more agile SaaS projects that quickly deploy essential capabilities that are readily updated and offer a high standard of security and resilience in the midst of growing global cybersecurity concerns. Customer information is more valuable than ever and utilities rely on Gentrack to protect this data as it resides in our products.

OUR CONTINUED SHIFT TO SAAS

Having been actively engaged with utilities at the forefront of the energy and water sectors for 30 years, we have recognised the need to transform how we build, implement and support our solutions. Retaining our traditional approach to product development, projects and licencing was not conducive to keeping pace with where our customers want to move.

We believe in what our new technology strategy will deliver to our business and what the shift to SaaS can deliver to energy and water utilities. So much so that we have continued to invest strongly this past year to develop a set of highly productised solutions for the core markets we serve. In FY19, this included investment of NZ$11.2m to deliver new SaaS products for utilities:

- Energy and water retail in the UK
- Water and energy retail in Australia
- Energy retail in Singapore
- Meter data services for Australia

GENTRACK SAAS CAPABILITIES

	Energy						Water					
Gentrack Cloud Capabilities	UK	AU	NZ	SNG	Residential	Business	UK	AU	NZ	SNG	Residential	Business
Billing + Customer Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SaaS Add-ons												
Market Connector	✓	✓			✓	✓						
Integration Services	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
Revenue Assurance	✓				✓	✓						
Meter Data Services	✓	✓	✓		✓	✓	✓	✓				
Finance Reports	✓				✓	✓						

PRIORITISED PRODUCT INVESTMENT – FOCUSING ON SCALABLE INNOVATION, READY WHEN CUSTOMERS NEED IT

Not only is Gentrack delivering the essential capabilities to enable utilities to operate effectively today, we're also investing in product innovation to enable utilities to be what they want to be in a new world of energy and water retailing.

ESSENTIAL CAPABILITIES

Accuracy

On time, accurate bills with revenue assurance so end customers don't need to call

Lower cost to serve

Automated, dynamically scalable, predictable, cost effective delivery—so customers can spend their efforts innovating where it counts

Compliance

Ensuring market and regulatory compliance as it happens in the background, so customer efforts can be focused on their customers

Expertise

Sharing 30 years of knowledge of broad market nuance and processes as an expert partner—driving customer success

INNOVATION INVESTMENT

Digitisation

End customers are asking for more digital experiences—utilities have the freedom to choose their partners and access via Gentrack Integration Services

Automation

Efficient operations are becoming more automated and stream-lined—continuous platform developments can significantly reduce manual processes

New propositions

New propositions are coming to market with advances like IOT and 5G. Gentrack meter data services and integration services make it easier to 'connect'

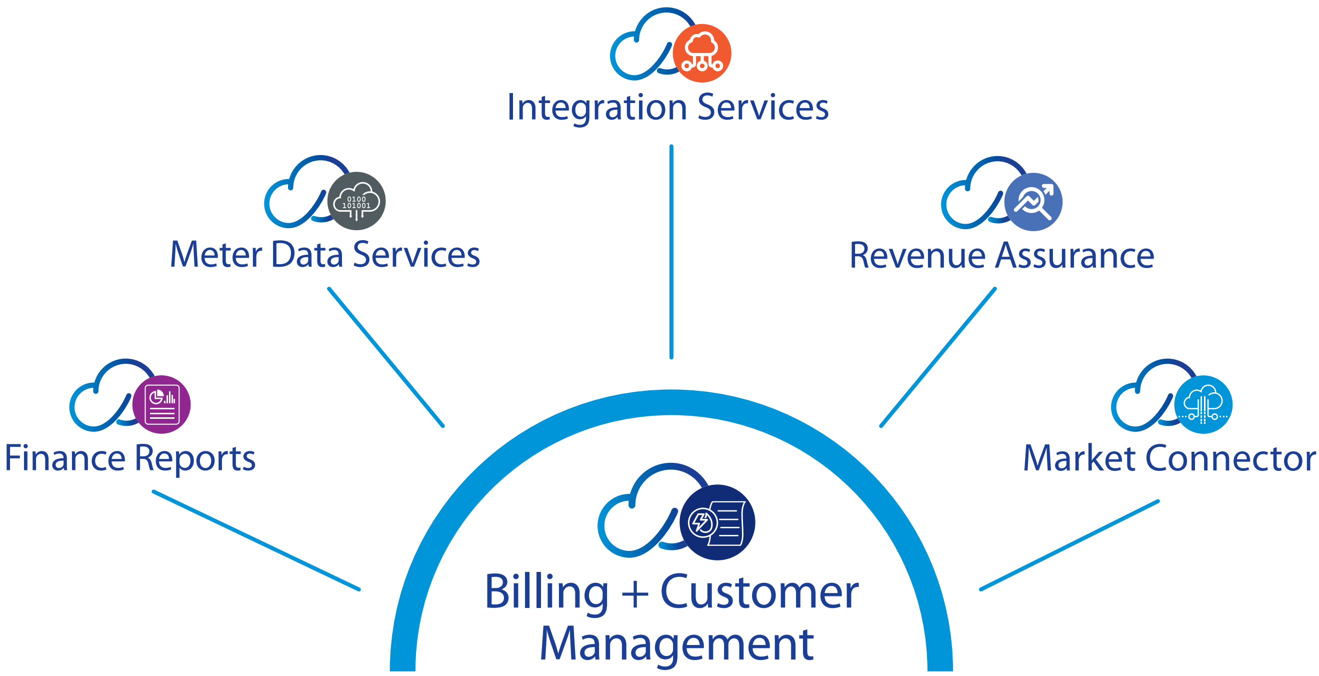
Speed to market

Speed to market to match customer demand will be a key competitive advantage—cloud-based microservices have significant speed, scale and infrastructure advantages

MICROSERVICES PAVE THE WAY TO ENHANCING CUSTOMER VALUE

A key aspect of our technology strategy throughout FY19 has been a continual focus on finding new ways to build our enterprise billing and customer management solutions so that they can be deployed by customers in a manner aligned with their expectations and IT strategy. Over 30 years our solutions have expanded exponentially with a strong suite of capabilities for our energy and water utilities customers. Extracting key capabilities and making them available as independent microservices presents additional opportunities for utilities to leverage the value of cloud resources for security, performance and resilience. It also offers the benefits presented by SaaS – ease of upgradeability, a community of customers sharing in the product roadmap and the ability to experiment at an investment and risk level right-sized to each utility business.

SAAS MICROSERVICES DRIVE GROWTH IN REVENUE PER METER AND STRONGER RECURRING REVENUES



> Additional SaaS services are available and in development, enabling utilities to extend the value of billing and customer data, and to differentiate through customer facing innovation connected via Integration Services.
>
> Jan Behrens, CTO

FOCUS:
AIRPORTS MARKET

Influence journeys of **818** million passengers

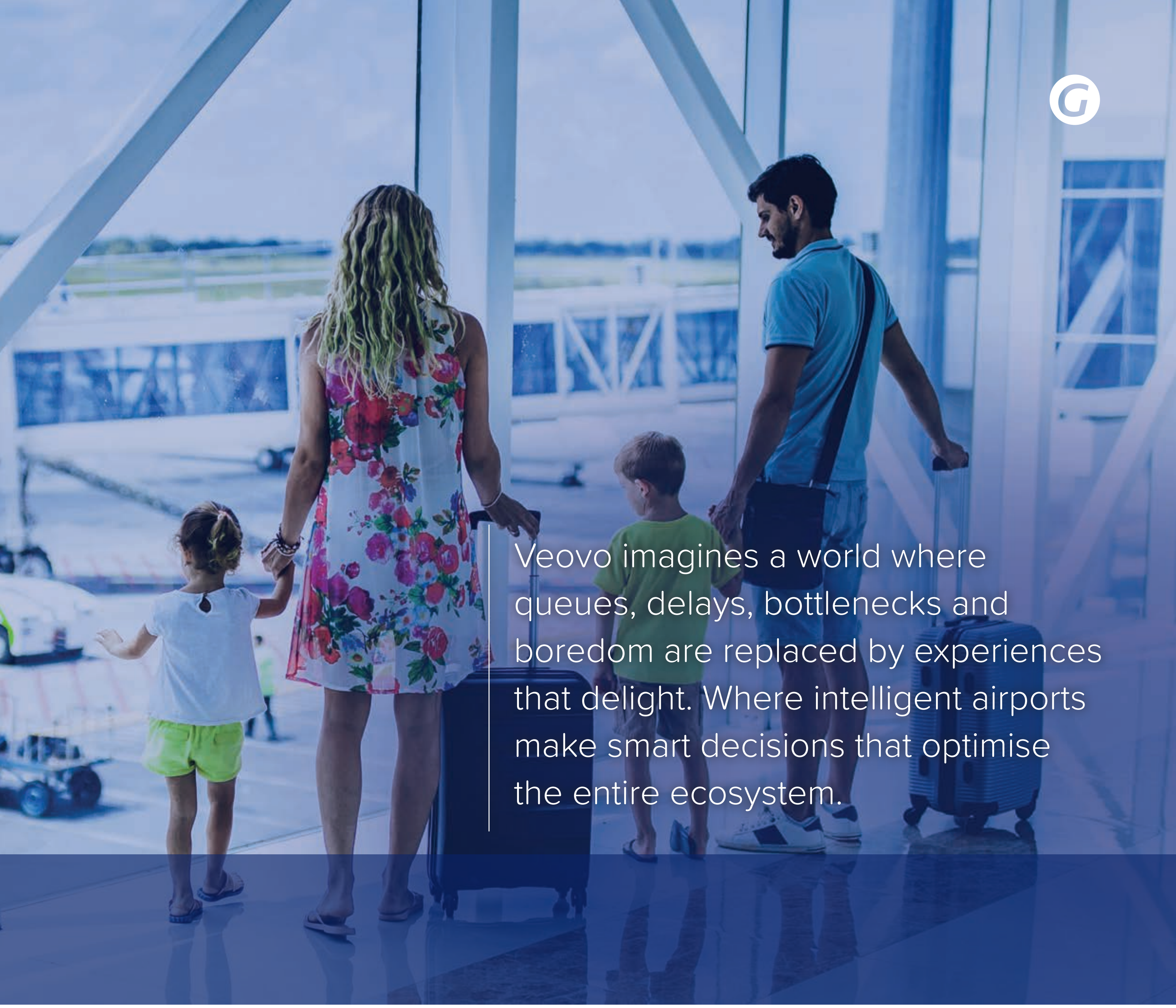
Co-ordinate **3.6** million flight movements

Manage aero revenues **>USD $3.6** billion

Airports are facing unprecedented challenges as they handle exponential passenger growth with infrastructure that was designed decades ago—all while trying to grow revenue. It's why many are now turning to technology like Veovo to deliver intelligent automation and airport-wide insights.

FY19 has surfaced some attractive opportunities for Veovo, Gentrack's global airport solutions business. In Australia, Perth Airport signed for our solutions, and in the Americas, we are reaping the rewards of our sales and marketing investments with new airport customers in Mexico City and Buenos Aires. Revenue from North America was up 155% on FY18, driven by new projects at Orlando International Airport and from expanding our footprint at Newark Liberty International Airport.

In Europe and the UK, we delivered our new operations and revenue platform to Belfast International Airport while long-time customer London City airport also benefited from a recent platform upgrade. We also welcomed London Luton Airport as our newest customer in the region.



Veovo imagines a world where queues, delays, bottlenecks and boredom are replaced by experiences that delight. Where intelligent airports make smart decisions that optimise the entire ecosystem.

Our product teams have completed a number of key development projects in the last twelve months that will continue to deliver a healthy sales pipeline in FY20. At the Passenger Terminal Expo 2019, the largest airport conference and exhibition in the world, we launched our new revenue management offering, creating invoices faster and providing added billing flexibility for airports. It's already in use at Belfast International Airport, being implemented at Orlando Airport, and was recently selected by London Luton. We also launched Veovo's 3D camera technology, an AI-powered solution which helps airports to measure how people move through queues. It's now being used by several European airports.

Furthermore, in FY19 we extended our passenger predictability capabilities to enable airports to shift from addressing a single pinch point to improve the end-to-end passenger experience. Airports such as Schiphol and Keflavik are now using Veovo to measure and predict how passengers move from the curb to the gate, empowering them to find new ways to improve customer satisfaction and boost revenue.

We have also continued our progress towards full integration of the CA+ business into Veovo. As reported at our half-year, the sales growth from the CA+ business was not as anticipated, leading to a full write-off of the investment. We continue to see demand from airports for a concessionaire management solution and we will be progressing our integration of the CA+ solution into the complete Veovo offering throughout FY20.

Overall, the Veovo business is continuing to carve out its position as a key player in the airport solutions market. In the year ahead we will continue to invest in the right skills, new products and ongoing market sensing capabilities to support our growth aspirations.

THE EVOLUTION TO AN INTELLIGENT AIRPORT

When it comes to making a digital investment, airports all have different needs and priorities. Some want to improve their capacity with existing resources while others want to become more financially viable or deliver new passenger experiences. Every airport is also at a different stage in their transition to digital—needing to move to the next stage while ensuring day-to-day decisions still align with their priorities. As a result, most are seeking long-term partnerships to help them innovate and evolve into an intelligent airport.

Passenger Predictability

Operations Optimisation

Revenue Maximisation

WHAT IS AN INTELLIGENT AIRPORT?

It's one where robust plans are built on an airport's priorities. Where problems across the airport are anticipated and mitigated before they happen. And where passengers have predictable journeys, from their front door to their destination, with personalised interactions every step of the way.

Veovo has developed unique capabilities, through targeted product investment and strategic acquisitions, to support the industry's transformation, offering greater operational visibility, predictability and smart recommendations for rapidly evolving airports.

With the Veovo airport-wide integrated platform and collaborative approach, we are increasingly carving out a position as a major technology innovator and strategic partner in the industry.

THE PATH TO BRILLIANT AIRPORTS. CUSTOMER EXPERIENCE CONNECTS ALL OUTCOMES

Resilient Operations
Look ahead insight and proactive responses
Minimal disruptions. On time departures

Optimised Capacity
More flights and passengers
Same assets, fewer staff

Sustainable Footprint
Integrated, efficient ground transportation
Reduced terminal environmental impact

Accelerated income generation
New revenue sources from value-add services
Creative commericals with airlines

Passenger Centred Journeys
Predictable processes from home to destination
Quality and choice in retail and food and beverage

Better today. Ready for tomorrow
Scalable, open technology, low risk deployment
Full partnership and consultancy

20 of Top 100 global airports use Veovo

AIRPORTS MARKET SHARE

5 year Veovo Addressable Market of US**$3.6B+**
1500+ Airports and **60+** Airport Groups

A STRONG OUTLOOK

Addressable Markets CAGR:

- Smart Airports: 4.7%[1]
- Location Analytics: 16%2

Passenger Growth CAGR: 4.1%[3]

US$1.2 to US$1.5 trillion will be spent on airport infrastructure development through 2030[4]

Sources: (1) MarketWatch – Forecast IT Spending; (2) Markets and Markets – Forecast Location Analytics Market; (3) ACI; (4) IATA

> Veovo's customer list is a "who's who" of high-profile customers known for their innovative approaches to improving airport operations and the passenger experience. These customers have high expectations, yet despite this, Veovo has an unparallelled reputation for successful solution delivery.
>
> James Williamson, CEO, Veovo

FOCUS:
WE ARE GENTRACK

THE GENTRACK MELTING POT

We have continued to focus on Diversity and Inclusion throughout FY19 as a key enabler of innovation across the business and to support new ways of working with customers. Diverse thinking is essential as we embark on our transition to SaaS and engaging with customers around their challenges and how our SaaS products can enable their success. To date 25% (137) of our workforce is female, working in roles from product development, technical support, marketing, and finance to people experience (HR), testing and product training.

Our diversity is also extended to the many different cultures we have represented across the business, something that we have celebrated throughout the year with cultural days and special festivals. We often refer to our diversity at Gentrack as a "Melting Pot", enabling our teams to work across geographical boundaries and to bring diverse thinking and ideas to the table.

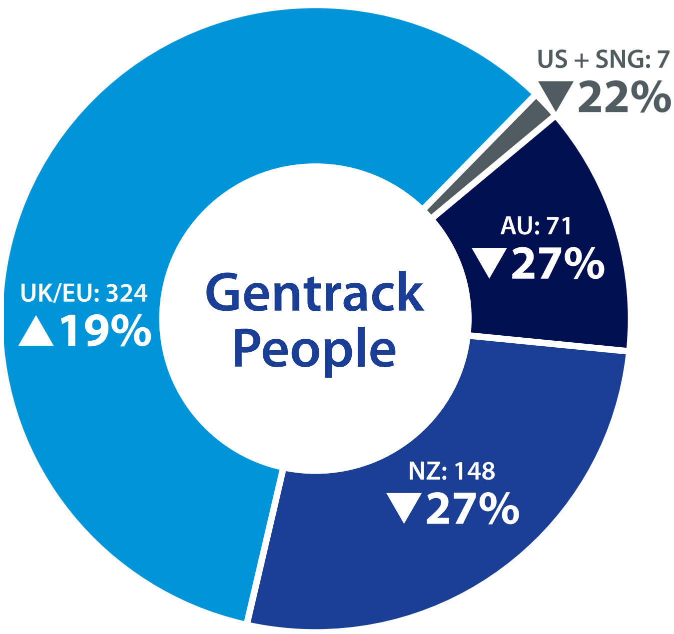
PEOPLE OVERVIEW

In FY19, we on-boarded new people into numerous roles across the business, reflecting our need for new technical and business skills to support the evolving SaaS utilities business. The business now has 550 people in the UK/Europe, New Zealand, Australia, Singapore and the USA, up 2% from 539 in FY18.

At the beginning of FY19, we completed a successful intake of university graduates for our inaugural internship

Our vision is to foster a workplace where everyone feels valued, is given the opportunity to thrive and is encouraged to embrace and celebrate our diversity to shape a better tomorrow.

programmes in New Zealand and the UK. Over the course of 16 weeks, 15 interns from universities and institutes worked alongside our R&D teams in utilities and airports to research and deliver new capabilities to improve our products and the efficiency of our development processes.



OUR CHANGING SKILLSET

Throughout FY19 we have continued to invest in new skills to support our transition to SaaS, and the new ways of working required to deliver highly productised SaaS capabilities in the cloud and on a regular cadence. Moving away from large enterprise solutions and capabilities means fewer software customisations and more focus on building capabilities that can easily be deployed into the cloud as a service or as a key part of our core productised solutions for utilities. This requires a set of technical skills based around cloud technologies, customer success, agile development and deployment, managed services, and new ways of delivering and supporting productised solutions for utilities.

WE ARE GENTRACK

In FY19, we were also delighted to redefine and launch our new company values. These values form the foundation of the Gentrack business and tell our customers, investors and employees what we stand for. They guide our behaviours and the way we interact with each other and with customers. They empower our people to make great decisions, and they give us reason to do what we do. They also give our customers a reason to believe in what we can achieve together.

NEW SKILLS TO SUPPORT:

- Our transition to SaaS
- Running global operations at scale
- Managing a customer success business
- Adopting agile development and delivery approach
- Development of new products with new technology
- Delivering larger projects

> Our values give us a reason to do what we do, they guide our behaviours and tell the world what we stand for.
>
> Ian Black, CEO

FOCUS: **GENTRACK PARTNERS ECOSYSTEM**

Building a strong ecosystem of partners is a core component of our strategy and furthering our move into full SaaS mode. In FY19, we continued to establish partnerships with new technology providers, third-party service providers and market consultants to support the delivery of our SaaS products and to extend our value proposition for customers. Our Gentrack Cloud billing and customer management solution remains the core offering for utilities, leveraging our additional cloud-based services like Gentrack Cloud Integration Services to extend the value of customer and meter data through integration with third-party apps and services.

Cloud Service Partner
Our world-leading cloud infrastructure partner. Delivering the cloud platform and expertise to support our cloud-hosted SaaS products

Consultant Partners
A network of consultants who engage with our UK utilities customers to assist with market operations as well as sales, implementation, and support of our SaaS products

Technology Partners
Specialist technology providers contributing to our marketplace for pre-built connectors and apps to transform the customer experience and operations performance

aws

EnergyBridge

expleo

CODEBASE [8]

engage

utilita
life with power

TUME.CO.UK
The Utility Market Experts

salesforce

ASTRAL TECH

ENCODED
secure automated payments

Datagraphic

CLOUD KB

flexys

Softwire

Simble

ako

elia

Bottomline

esendex.

GOCARDLESS

MATRIXX SOFTWARE

ZEBRA

FINANCIAL STATEMENTS **2019**

Independent Auditor's Report

To the shareholders of Gentrack Group Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Gentrack Group Limited (the 'company') and its subsidiaries (the 'group') on pages 43 to 79:

i. present fairly in all material respects the Group's financial position as at 30 September 2019 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 30 September 2019;

— the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to tax compliance, tax advisory and other assurance services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $0.8m determined with reference to a benchmark of group Profit before tax adjusted for impairment. We chose the benchmark because, in our view, this is a key measure of the group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
1. Revenue from implementation services	
Refer to note 3.2 of the consolidated financial statements. The Group has reported revenues of $112m (2018: $104m) which includes implementation services revenue of $26m. We focussed on the revenue from implementation services as a key audit matter due to inherent complexities of software implementation projects and the estimates involved. Revenue from implementation services is recognised based on the stage of completion calculated using either the proportion of actual hours at the reporting date compared to managements estimates for total forecast hours or with reference to milestones. Accurate recording of revenue is highly dependent on: – Detailed knowledge of individual characteristics of a contract, including unique terms, knowledge of software and 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 variations or additional billing for changes in scope or additional hours incurred.	We focused our procedures on the implementation service projects that were in progress at balance date based on the significance of implementation service revenue to the total revenue of the Group. For the projects selected for testing we checked that revenue recognised is consistent with contractual terms, including considering how the initial licence fee, design and implementation, and maintenance phases of the contract are arranged. We recalculated the stage of completion based on hours to date as a proportion of total forecast hours or with reference to milestones. We also inspected a sample of milestone billings and compared those to invoice and cash receipts and considered the reasonableness of the related balance sheet positions. We assessed the forecast hours through discussion with project managers and senior management and challenged key assumptions, including consideration of alternative scenarios and how management addressed risks in the contract. We compared significant changes in total forecast hours to correspondence with customers, legal documentation or contract variations. We evaluated potential exposure to liquidated damages by reviewing legal correspondence and correspondence with customers. We also considered the historical accuracy of managements' estimates of forecast hours by analysing previous forecasts to actual hours.
2. Revenue recognition	
Refer to notes 2.5 and 3.2 of the consolidated financial statements. The Group's contracts with its customers involve the delivery of multiple services: annual fees, license fees and project services, and support services.	Our audit procedures to assess the recognition of revenue included the following: We examined the appropriateness of assumptions and judgements made by management in assessing customer contracts and measuring the allocation of the contract revenue to multiple deliverables.

The key audit matter	How the matter was addressed in our audit
We regard revenue recognition as a key audit matter due to the complexity of certain contracts requiring management to exercise judgement relating to classification and measurement in line with the Group revenue recognition policy. Furthermore, the Group transitioned to NZ IFRS 15 *Revenue from Contracts with Customers* ('NZ IFRS 15') in the current financial year.	We matched a sample of revenue transactions to the underlying contracts and cash receipts in order to verify the appropriateness of revenue recognised. With respect to NZ IFRS 15 transition we examined management`s assessment of the impact on the Group`s revenue recognition policy. This involved reviewing a sample of contracts with customers representative of key revenue streams to assess the accuracy and completeness of the analysis prepared by management. We considered the NZ IFRS 15 impact on the Group`s financial statements including our technical specialists assessing the completeness of necessary disclosures according to NZ IFRS 15 requirements.
3. Impairment assessment	
Refer to note 5.3 of the consolidated financial statements. Impairment assessment is considered a key audit matter due to the subjective nature of impairment models and the significant judgements and estimates management uses to determine the expected financial performance and value in use of the Group's cash generating units. This requires management to make assumptions in relation to forecasted cash flows, the terminal growth rate and discount rates used in a discounted cash flow model. As a result of management's impairment assessment, goodwill and intangibles amounting to $14.6m relating to the CA Plus cash generating unit was impaired in full.	To evaluate management's assessment of the value in use of the respective cash generating units: We considered management's conclusion on separately identifiable cash generating units. We assessed the significant future cash flow assumptions by comparing actual results to business plans, strategies and budgets. We examined the documentation supporting the budgeting process and inspected the forecasted pipeline for FY 2020. Our corporate finance specialists examined whether the methodology adopted in the discounted cash flow value in use models is consistent with accepted valuation approaches within the software industry. In addition, our specialists assessed the mathematical accuracy of the models, and considered whether the discount and terminal growth rate assumptions applied to the estimated future cash flows are within an acceptable range for the industry and lifecycle of the businesses. We also challenged the assumptions and judgements used by management by performing sensitivity analysis, considering a range of likely outcomes based on various scenarios. Where management concluded impairment is necessary (CA Plus Limited), we considered the extent of impairment with reference to historic performance, future business plans and pipelines, and degree of management`s uncertainty in relation to future financial performance.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the Chairman and Chief Executive's report and disclosures relating to corporate governance. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

— the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;

— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

— 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 independent 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 ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

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

For and on behalf of

KPMG

KPMG
Auckland

28 November 2019

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required to prepare financial statements for each financial year that present fairly the financial position of the 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 the Gentrack Group authorised these financial statements for issue on 28 November 2019.

For and on behalf of the Board of Directors:

John Clifford
Chairman
Date: 27 November 2019

Fiona Oliver
Director
Date: 27 November 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	NOTES	2019 NZ$000	2018 NZ$000
Revenue	3.2, 3.3	111,682	104,477
Expenditure	3.4	(86,869)	(73,521)
Profit before depreciation, amortisation, acquisition related costs, revaluation of financial liabilities, impairment of goodwill and intangible assets, financing and tax		**24,813**	**30,956**
Depreciation and amortisation	3.5	(9,440)	(6,987)
Acquisition related costs		-	(1,268)
Revaluation of acquisition related financial liability	5.8	384	3,835
Impairment of goodwill and intangible assets	5.2, 5.3, 5.4	(14,551)	(3,984)
Profit before financing and tax		**1,206**	**22,552**
Finance income	3.6	11	26
Finance expense	3.6	(774)	(1,846)
Profit before tax		**443**	**20,732**
Income tax expense	7.1	(3,758)	(6,863)
(Loss)/Profit attributable to the shareholders of the company		**(3,315)**	**13,869**
OTHER COMPREHENSIVE INCOME			
Translation of international subsidiaries		(1,675)	5,519
Total comprehensive (loss)/income for the period		**(4,990)**	**19,388**
EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY (EXPRESSED IN DOLLARS PER SHARE)			
Basic and diluted earnings per share	6.4	($0.03)	$0.16
WEIGHT AVERAGE NUMBER OF ORDINARY SHARES ISSUED			
Basic	6.4	98,605	86,622
Diluted	6.4	98,872	86,928

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	NOTES	2019 NZ$000	2018 NZ$000
CURRENT ASSETS			
Cash and cash equivalents	4.3	8,626	11,400
Trade and other receivables	5.1	31,279	24,055
Inventory	5.9	572	376
Total current assets		**40,477**	**35,831**
NON-CURRENT ASSETS			
Property, plant and equipment	5.5	3,453	3,836
Goodwill	5.2	134,434	146,189
Intangibles	5.4	60,482	68,187
Deferred tax assets	7.2	2,793	3,626
Total non-current assets		**201,162**	**221,838**
Total assets		**241,639**	**257,669**
CURRENT LIABILITIES			
Bank loans	4.2	4,000	-
Trade payables and accruals	5.6	5,487	6,907
Contract liabilities		12,173	7,749
GST payable		2,030	1,300
Financial liabilities	5.8	2,451	-
Employee entitlements	5.7	4,588	3,851
Income tax payable		2,051	4,030
Total current liabilities		**32,780**	**23,837**
NON-CURRENT LIABILITIES			
Bank loans		-	-
Related party loan	4.2	450	-
Lease incentives	9.1	3,028	3,612
Financial liabilities	5.8	-	2,808
Employee entitlements	5.7	411	339
Deferred tax liabilities	7.2	7,361	10,648
Total non-current liabilities		**11,250**	**17,407**
Total liabilities		**44,030**	**41,244**
Net assets		**197,609**	**216,425**
EQUITY			
Share capital	6.1	191,229	190,968
Share based payment reserve		389	570
Foreign currency translation reserve		7,664	9,339
Retained earnings		(1,673)	15,548
Total equity		**197,609**	**216,425**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

2019 NZ$000	NOTES	SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL EQUITY
Balance as at 1 October		**190,968**	**570**	**15,548**	**9,339**	**216,425**
Change in accounting policy	2.5	-	-	(443)	-	(443)
Restated total equity at 1 October		**190,968**	**570**	**15,105**	**9,339**	**215,982**
Loss attributable to the shareholders of the company		-	-	(3,315)	-	(3,315)
Other comprehensive loss		-	-	-	(1,675)	(1,675)
Total comprehensive loss for the period, net of tax		**-**	**-**	**(3,315)**	**(1,675)**	**(4,990)**
TRANSACTIONS WITH OWNERS:						
Dividend paid	6.3	-	-	(13,463)	-	(13,463)
Share based payments	6.2	261	(181)	-	-	80
Balance at 30 September		**191,229**	**389**	**(1,673)**	**7,664**	**197,609**

2018 NZ$000	SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL EQUITY
Balance as at 1 October	**101,490**	**239**	**12,978**	**3,820**	**118,527**
Profit attributable to the shareholders of the company	-	-	13,869	-	13,869
Other comprehensive income	-	-	-	5,519	5,519
Total comprehensive income for the period, net of tax	**-**	**-**	**13,869**	**5,519**	**19,388**
TRANSACTIONS WITH OWNERS:					
Issue of capital	89,478	-	-	-	89,478
Dividend paid	-	-	(11,299)	-	(11,299)
Share based payments	-	331	-	-	331
Balance at 30 September	**190,968**	**570**	**15,548**	**9,339**	**216,425**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 NZ$000	2018 NZ$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	108,083	103,343
Payments to suppliers and employees	(87,154)	(73,173)
Income tax paid	(8,138)	(7,918)
Net cash inflow from operating activities	**12,791**	**22,252**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(640)	(2,287)
Purchase of intangibles	(5,653)	(3,916)
Acquisition of a business, net of cash	-	(42,796)
Repayment of acquisition related costs	-	(362)
Proceeds from sale of property, plant and equipment	-	272
Net cash outflow from investing activities	**(6,293)**	**(49,089)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	-	90,084
Costs in relation to issue of ordinary shares	-	(2,559)
Drawdown of borrowings	8,439	-
Repayment of borrowings	(4,000)	(46,826)
Interest (paid)/received	(679)	(1,095)
Dividends paid	(13,463)	(11,299)
Net cash (outflow)/inflow from financing activities	**(9,703)**	**28,305**
Net (decrease)/increase in cash held	**(3,205)**	**1,468**
Foreign currency translation adjustment	431	205
Cash at beginning of the financial period	11,400	9,727
Closing cash and cash equivalents	**8,626**	**11,400**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

General information | Accounting policies | Critical judgements

General information

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

The first section details general information above Gentrack Group Limited (the Company and its subsidiaries, collectively 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 2019

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 and its subsidiaries for the year ended 30 September 2019. Prior year comparatives are for the year ended 30 September 2018.

The financial statements of Gentrack Group for the year ended 30 September 2019 were authorised for issue in accordance with a resolution of the directors on 27 November 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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 an 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 Reporting Act 2013, Financial Markets Conduct Act 2013 and the Companies Act 1993.

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 has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that currently are exercisable are taken into account. 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 2019. For details of acquisitions made in the prior year refer to the 2018 Annual Report.

2.4 GROUP INFORMATION

The financial statements include the following subsidiaries:

ENTITY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	SHAREHOLDING 2019	SHAREHOLDING 2018
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%
Blip Systems A/S	Software development sales and support	Denmark	79.81%	79.81%
CA Plus Limited	Software development sales and support	Malta	75%	75%
Veovo Group Limited (formally Veovo 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	Software development sales and support	United Kingdom	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	Dormant	New Zealand	100%	-
Veovo UK Limited	Dormant	United Kingdom	100%	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

2.5 ADOPTION OF NEW ACCOUNTING STANDARDS

A number of new or amended accounting standards became applicable for the year ended 30 September 2019 and Gentrack Group has had to update its accounting policies as a result of adopting the following standards:

- *NZ IFRS 15 Revenue from Contracts with Customers (NZ IFRS 15)*
- *NZ IFRS 9 Financial Instruments (NZ IFRS 9)*

The impact of adopting these new accounting standards is disclosed below.

NZ IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS – IMPACT OF ADOPTION

NZ IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced NZ IAS 18: Revenue. Under NZ IFRS 15, revenue is recognised when the customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. In transitioning to NZ IFRS 15 Gentrack Group has applied the modified retrospective method.

Gentrack Group conducted a detailed review of its customer contracts and management concluded that the implementation of NZ IFRS 15 has no material impact on the way in which Gentrack Group recognises revenue. Therefore, there is no requirement to restate revenue in prior periods. Gentrack Group's accounting policies have been amended to ensure the 5-step method, as defined in NZ IFRS 15, is applied consistently to revenue recognition processes across Gentrack Group.

In assessing the impact of NZ IFRS 15 on Gentrack Group, management has selected to group the revenue contracts with its customers based on the nature, terms and other similarities sitting within each respective contract type. Such contracts were considered as representative contracts within each segment and were analysed for the purposes of NZ IFRS 15. The 5-step model in NZ IFRS 15 was then applied to each representative contract to assess the impact on revenue recognition.

The 5-step method for recognising revenue under NZ IFRS 15 is summarised below:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue.

The table below provides further information on the application of NZ IFRS 15 and how it has been applied to the major revenue types contained in Gentrack Group's two operating segments.

REVENUE TYPE	PRODUCT DETAILS	DESCRIPTION	KEY JUDGEMENTS	OUTCOME	TIMING OF REVENUE RECOGNITION
Annual fees	Software support and maintenance	Basic post implementation support and maintenance and minor upgrades of the software.	No major judgements, other than confirming the period of the maintenance contract.	N/A	**Over time** Benefits are simultaneously received and consumed over the support and maintenance term.
	Software subscription (1)	A subscription-based customer information system and billing system for utility companies.	Determining whether a sales-based license of intellectual property exists and if bundling with other components of the contract is required.	The software subscription is a sales-based license. Bundling of the software and support services is required to form a distinct performance obligation.	**Point in time** Recognition at the end of each month once the sales-based variable usage is known.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

2.5 ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

REVENUE TYPE	PRODUCT DETAILS	DESCRIPTION	KEY JUDGEMENTS	OUTCOME	TIMING OF REVENUE RECOGNITION
	Managed services (1)	A managed service using software to determine billing inaccuracies and errors.	Determining whether any variable consideration is highly probable.	Based on fee structure for the managed services offering revenue is updated at each reporting period when sufficient certainty exists.	**Over time** Benefits are simultaneously received and consumed. The value transferred is measured using an output method based on value transferred to the customer.
License fees and project services	Initial license fees and project services	License and implementation of software solutions.	Determining whether the initial license and project services are a distinct performance obligation. Determining whether any variable consideration is highly probable.	Providing the initial license and project services are highly interrelated and are required to be bundled to create a distinct performance obligation.	**Over time** Recognised on a stage of completion basis. The value is measured using an input method, with the input being the number of hours expended relative to the total estimated hours to complete the project.
Support services	Support services	Post implementation value-add services.	Determining whether the support services are a distinct performance obligation.	Support services are a distinct performance obligation, the customer has the ability to benefit from the support services as they are performed.	**Over time** Recognised on a stage of completion basis. The value is measured using an input method, with the input being the number of hours expended relative to the total estimated hours to complete the work.

(1) Applicable to the Utility segment only.

In terms of impact to the presentation of the financial statements, NZ IFRS 15 requires the disaggregation of revenue to provide clear and meaningful information. For Gentrack Group, management has concluded that presentation of revenue in terms of the method of revenue recognition is most appropriate. Therefore, revenue is disaggregated in the operating segments note (refer to note 3.1) as the amounts recognised at a point in time and over time. Revenue is also disaggregated by revenue type in note 3.2.

NZ IFRS 9 FINANCIAL INSTRUMENTS – IMPACT OF ADOPTION

NZ IFRS 9: Financial Instruments replaces NZ IAS 39: Financial Instruments: Recognition and Measurement and brings together three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The adoption of NZ IFRS 9 from 1 October 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in the section below, along with the impact of adopting NZ IFRS 9.

Changes in accounting policies resulting from the adoption of NZ IFRS 9 have been applied retrospectively, except Gentrack Group has used an exemption not to restate comparative information.

2.5 ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

CLASSIFICATION AND MEASUREMENT

NZ IFRS 9 principally impacts the following classifications of financial assets for Gentrack Group:

- Cash and cash equivalents
- Trade receivables

From 1 October 2018, Gentrack Group classifies its financial assets at amortised cost (previously classified as loans and receivables under NZ IAS 39). There was no change in the carrying value of the financial assets as a result of the reclassification. At initial recognition, Gentrack Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

IMPAIRMENT

From 1 October 2018, Gentrack Group assess on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In assessing whether there has been a significant increase in credit risk, Gentrack Group considers both forward looking information and financial history of the counterparties to assess the probability of default. Gentrack Group defines default as a counterparty not satisfying their contractual obligations in relation to the financial asset.

For trade receivables NZ IFRS 9 requires expected lifetime credit losses to be recognised from initial recognition of the trade receivable. When there is no reasonable expectation of recovery trade receivables are written off.

The expected credit loss allowance is based on assumptions about risk of default and expected credit loss rates. Gentrack Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation. This is based on Gentrack Group's past history, existing market conditions as well as forward looking estimates at the end of each period. Further information on the key judgements and assumptions are detailed below.

CASH AND CASH EQUIVALENTS

While cash and cash equivalents are subject to the impairment requirements of NZ IFRS 9, the identified impairment loss is nil.

TRADE RECEIVABLES

Gentrack Group has applied the lifetime expected credit loss approach for trade receivables under NZ IFRS 9. To measure the expected credit loss, trade receivables have been grouped and reviewed on the basis of the number of days past due. The expected credit loss allowance has been calculated using the following inputs:

- Baseline characteristic considers the age of each invoice and applies an increasing expected credit loss estimate as the invoice ages.
- The ageing characteristic considers the history of each specific customer and if the customer has a significant proportion of overdue invoices an additional provision is added.
- The Country, Customer and Market characteristics consider the relative risk related to the country where the customer resides and assesses the financial strength of the customer and the market position Gentrack Group has achieved within that market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

2.5 ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

The details of the expected credit loss allowance as at 1 October 2018 are shown below:

1 OCTOBER 2018	CURRENT NZ$000	1-60 DAYS PAST DUE NZ$000	61-120 DAYS PAST DUE NZ$000	121-180 DAYS PAST DUE NZ$000	OVER 180 DAYS PAST DUE NZ$000	TOTAL NZ$000
Gross carrying amount	8,904	4,385	1,689	1,278	1,327	17,583
Baseline	22	30	30	32	59	172
Aging and Customer duration	9	8	44	65	83	209
Country, Customer and Market	21	9	10	10	12	61
Total expected by credit loss rate	0.59%	1.05%	4.99%	8.34%	11.61%	2.52%
Expected credit loss allowance	**52**	**46**	**84**	**107**	**154**	**443**

An increase of $0.4m in the allowance for impairment under the expected credit loss model was recognised in opening retained earnings at 1 October 2018 on transition to NZ IFRS 9.

The expected credit loss allowance for trade receivables as at 30 September 2018 as reported in the annual report reconciles to the opening expected credit loss allowance on 1 October 2018 as follows:

	NZ$000
EXPECTED CREDIT LOSS ALLOWANCES FOR TRADE RECEIVABLES	
At 30 September 2018 – calculated under NZ IAS 39	504
Amounts restated through opening retained earnings	443
Opening expected credit loss allowance as at 1 October 2018 – calculated under NZ IFRS 9	**947**

The expected credit loss allowance for trade receivables as at 30 September 2019 is as follows:

30 SEPTEMBER 2018	CURRENT NZ$000	1-60 DAYS PAST DUE NZ$000	61-120 DAYS PAST DUE NZ$000	121-180 DAYS PAST DUE NZ$000	OVER 180 DAYS PAST DUE NZ$000	TOTAL NZ$000
Gross carrying amount	12,848	3,248	2,842	746	2,570	22,254
Baseline	39	23	7	11	123	203
Aging and Customer duration	9	14	7	13	138	181
Country, Customer and Market	37	7	2	3	27	76
Total expected by credit loss rate	0.67%	1.37%	0.57%	3.57%	11.1%	2.07%
Expected credit loss allowance	**85**	**45**	**16**	**27**	**287**	**460**

During the year the proportion of trade receivables past due in each of the ageing buckets has improved, but the overall trade receivable balance has increased. This has resulted in a slight increase in the expected credit loss allowance, the movement in the expected credit loss allowance has been recognised within administrative expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

2.5 IMPACT OF STANDARDS ISSUED BUT NOT YET ADOPTED

The International Accounting Standards Board has issued a number of standards, amendments and interpretations which are not yet effective, and which may have an impact on Gentrack Group's financial statements.

These are detailed below. Gentrack Group has not applied these in preparing these financial statements and will apply each standard in the reporting period in which the standard becomes mandatory:

NZ IFRS 16 LEASES

NZ IFRS 16 Leases will result in almost all leases being recognised in the statement of financial position, as the distinction between operating leases and finance leases is removed. The standard is mandatory for Gentrack Group for reporting periods beginning on, or after 1 October 2019. Gentrack Group does not intend to adopt the standard before its mandatory effective date.

Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between an operating lease (off balance sheet) and a finance lease (on balance sheet). NZ IFRS 16 requires a lessee to recognise a lease liability reflecting the future lease payments and a 'right-of-use' asset for almost all lease contracts. The statement of comprehensive income will be impacted by the recognition of an interest expense and a depreciation expense with premise rental and office equipment expenses being significantly impacted.

For Gentrack Group, the impact will be primarily focused on the accounting for operating leases. As at the reporting date, Gentrack Group has operating lease commitments of $29.4m. Upon adoption, NZ IFRS 16 will have a significant impact upon Gentrack Group's statement of financial position and statement of comprehensive income.

To calculate the impact of NZ IFRS 16 as at 1 October 2019, being the date of adoption, Gentrack Group's management has developed a detailed model. Management has had to apply judgement across several parameters that input into this model as follows:

- The lease term including potential renewals for which Gentrack has a right to exercise;
- The incremental borrowing rate that is used to discount lease assets and liabilities.

As a result of the calculations and the application of judgement within the model, management is able to quantify the potential impact of NZ IFRS 16 based on the current lease arrangements across Gentrack Group. Management expects that there will be material impact across the following line items in the statement of financial position:

- Recognition of right-of-use assets of $17.5m;
- Recognition of a lease liability $22.9m;
- Derecognition of lease incentive liability of $3.9m; and
- Decrease in opening retained earnings $1.5m.

The expected impact on the statement of comprehensive income for the year ended 30 September 2020 across the following line items are estimated as follows:

- Increase in finance expense (recognised as interest expense) $1.2m;
- Increase in depreciation and amortisation expense $2.5m; and
- Decrease in premises and office equipment expenses contained in administrative expenses $3.5m.

Estimates are subject to change at the time of adoption and for the year ended 30 September 2020 due to:

- Any changes in managements judgements as they apply;
- Outcome of renewals under lease agreements;
- Any changes to existing leasing arrangements;
- New lease contracts entered into; and
- Finalisation of management's judgements and changes to the discount rates.

The implementation of NZ IFRS 16 has no cash impact to Gentrack Group as changes are limited to financial reporting requirements only. Gentrack Group intends to implement the simplified transition approach as defined in the standard for the year ended 30 September 2020 and will not restate comparative amounts for the period prior to adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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, as at 30 September 2019. 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.

2019	UTILITY NZ$000	AIRPORT NZ$000	TOTAL NZ$000
TIMING OF REVENUE RECOGNITION			
Point in time	6,326	5,440	11,766
Over time	81,853	18,063	99,916
Total revenue	**88,179**	**23,503**	**111,682**
Expenditure	(68,174)	(18,695)	(86,869)
Segment contribution (1)	**20,005**	**4,808**	**24,813**

2018	UTILITY NZ$000	AIRPORT NZ$000	TOTAL NZ$000
TIMING OF REVENUE RECOGNITION			
Point in time	7,946	3,431	11,378
Over time	77,175	15,924	93,099
Total revenue	**85,121**	**19,356**	**104,477**
Expenditure	(59,156)	(14,365)	(73,521)
Segment contribution (1)	**25,965**	**4,991**	**30,956**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

3.1 OPERATING SEGMENTS (CONTINUED)

A reconciliation of segment contribution to profit attributable to the shareholders of the company is provided below:

	2019 NZ$000	2018 NZ$000
Segment contribution (1)	**24,813**	**30,956**
Depreciation and amortisation	(9,440)	(6,987)
Acquisition related costs	-	(1,268)
Revaluation of acquisition related financial liabilities	384	3,835
Impairment of goodwill and intangible assets	(14,551)	(3,984)
Net finance expense	(763)	(1,820)
Income tax expense	(3,758)	(6,863)
Profit attributable to the shareholders of the company	**(3,315)**	**13,869**

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

	2019 NZ$000	2018 NZ$000
REVENUE BY DOMICILE OF ENTITY		
Australia	22,724	29,062
New Zealand	18,142	18,791
United Kingdom	60,469	56,193
Rest of World	10,347	431
Total revenue	**111,682**	**104,477**
REVENUE BY DOMICILE OF CUSTOMERS		
Australia	24,947	31,903
New Zealand	12,244	11,835
United Kingdom	58,913	43,312
Rest of World	15,578	17,427
Total revenue	**111,682**	**104,477**

In 2019 and 2018, 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 of the benefits promised under the performance obligation. The following sections detail the type of revenue recognised within each category. Effective from 1 October 2018 Gentrack Group adopted NZ IFRS 15 *Revenue from Contracts with Customers*, this did not result in significant changes in accounting policies related to revenue recognition. Refer to note 2.5 for details on the method and timing of revenue recognition.

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.

3.2 OPERATING REVENUE (CONTINUED)

ANNUAL FEES

Annual fees include software support and maintenance charged on software licenses, software subscriptions and managed services. Revenue from annual fees is generally recognised over the period as 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 is able to 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.

OTHER

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

	NOTES	2019 NZ$000	2018 NZ$000
OPERATING REVENUE:			
Annual fees		54,904	38,294
Support services		23,335	25,696
Project services		21,377	25,406
Licenses		5,708	10,545
Other		5,006	3,681
Total operating revenue		**110,330**	**103,622**
OTHER INCOME:			
Government grants	3.3	1,352	855
Total revenue		**111,682**	**104,477**

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.

During 2019, Gentrack Group recognised a total of $1.0m (2018: $0.8m) of grants from Callaghan Innovation in New Zealand and Research and Development Expenditure Credits (RDEC) from the UK Government. These government grants provide a percentage return for eligible Research and Development conducted by Gentrack Group. At balance date, the Callaghan grant has a 10% retention of $0.1m which is yet to be paid and is subject to an independent auditor review. The RDEC grant is a tax incentive and at balance date $0.2m was outstanding, the benefit will be applied to Gentrack Group's tax payable when the income tax return for 30 September 2019 is filed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

3.4 EXPENDITURE

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

	2019 NZ$000	2018 NZ$000
PROFIT BEFORE TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
Employee entitlements	58,914	49,961
Administrative costs	11,691	9,451
Third party customer-related costs	6,967	5,500
Advertising and marketing	1,565	1,543
Consulting and subcontracting	5,346	5,147
Other operating expenses	2,386	1,919
Total expenditure	**86,869**	**73,521**

Included in the total expenditure shown above, Gentrack Group has expensed $8.4m of research and development expenditure in 2019 (2018: $7.5m) related to software research and development in the statement of comprehensive income. This research and development expenditure includes payroll overheads, employee benefits and other employee-related expenses.

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.

	2019 NZ$000	2018 NZ$000
Depreciation	1,001	900
Amortisation	8,439	6,087
Total depreciation and amortisation	**9,440**	**6,987**

3.6 NET FINANCE EXPENSE

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, 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.

	2019 NZ$000	2018 NZ$000
FINANCE INCOME		
Interest income	11	26
Foreign exchange gains	-	-
	11	**26**
FINANCE EXPENSES		
Interest expense	(690)	(1,121)
Interest paid – NPV discount	(54)	(127)
Foreign exchange losses	(30)	(598)
	(774)	**(1,846)**
Net finance expense	**(763)**	**(1,820)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

4. CASH, BORROWINGS AND CASH FLOWS

This section outlines further from the statement of cash flows 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

	NOTES	2019 NZ$000	2018 NZ$000
RECONCILIATION OF OPERATING CASH FLOWS WITH NET PROFIT AFTER TAX			
Net profit after tax		**(3,315)**	**13,869**
ADJUSTMENTS FOR NON-CASH ITEMS			
Deferred tax	7.2	(2,386)	(2,420)
Impairment provision – Trade receivables		1,866	337
Loss on foreign exchange transactions		28	598
Share based payments	6.2	80	331
Net interest expense	3.6	679	1,095
Revaluation and interest on financial liability		(330)	(3,888)
Other non-cash items		6	(79)
Depreciation and amortisation	3.5	9,440	6,987
Impairment of goodwill and other intangibles	5.2, 5.3, 5.4	14,551	3,984
Non-cash items		**20,619**	**20,814**
ADD/(DEDUCT) MOVEMENTS IN OTHER WORKING CAPITAL ITEMS			
(Increase)/Decrease in trade and other receivables		(9,717)	278
(Decrease)/Increase in tax payable		(1,995)	1,418
Increase/(Decrease) in GST payable		728	(197)
Increase/(Decrease) in contract liabilities		4,409	(1,906)
Increase/(Decrease) in employee entitlements		825	(908)
(Decrease)/Increase in trade payables and accruals		(2,078)	2,753
Net working capital movements		**(7,828)**	**1,438**
Net cash inflow from operating activities		**12,791**	**22,252**

4.2 BANK FACILITIES AND BORROWINGS

Gentrack Group currently maintains a revolving five year credit facility and a working capital facility with ASB on the terms outlined below.

The revolving credit facility aggregated is NZD$42.5 million, and the working capital facility is NZD$8 million, totalling NZD$50.5 million. The purpose of the revolving credit facility is to part fund acquisitions and other capital projects. The purpose of the working capital facility is to assist with funding the working capital requirements of Gentrack Group. At 30 September 2019 Gentrack Group had drawn down $4.0m of the working capital facility (2018: $Nil).

Interest is payable at a rate calculated as a base rate plus a pre-determined margin. During the year, the average rates for the NZD denominated borrowings were 2.34%. There are covenants in place relating to gearing and interest cover and Gentrack Group was in compliance with them during the year. The maturity date for each drawdown is the end of the next interest reset date. Gentrack Group has the right to roll over the drawdowns up to the maturity of the facility on 28 March 2022.

Gentrack Group has provided a General Security Deed over all the present and after acquired property of all entities in Gentrack Group.

Related party borrowings include a loan from Shireburn Company Limited, the minority shareholder of CA Plus and amounts to $0.5m (2018: Nil). This loan expires 30 November 2023 and has an average interest rate of 2.56%. The loan is in place to contribute towards the working capital requirements of CA Plus.

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.

	2019 NZ$000	2018 NZ$000
Bank balances	8,625	11,398
Cash on hand	1	2
Total cash and cash equivalents	**8,626**	**11,400**

5. ASSETS AND LIABILITIES

This section outlines further details of Gentrack Group's financial performance 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 consists of the expected credit loss in accordance with NZ IFRS 9 (refer to note 2.5) and a specific provision. A specific provision is established when there is objective 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 through the use of provision accounts, and the amount of the loss is recognised in the statement of comprehensive income. 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 statement of comprehensive income.

	2019 NZ$000	2018 NZ$000
Trade receivables	22,254	17,583
Impairment provision – Expected credit loss	(460)	-
Impairment provision – Specific provision	(2,408)	(504)
Provision for warranty claims	(150)	(15)
Contract assets	9,593	4,093
Sundry receivables and prepayments	2,450	2,898
Total trade and other receivables	**31,279**	**24,055**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

5.1 TRADE AND OTHER RECEIVABLES (CONTINUED)

MOVEMENT IN TRADE RECEIVABLES IMPAIRMENT PROVISION

	2019 NZ$000	2018 NZ$000
Opening balance	504	167
Increase in impairment provision	2,794	419
Write back in impairment provision	(177)	(75)
Effect of movement in foreign exchange	(210)	(7)
Bad debt written off	(43)	-
Total trade receivables impairment provision	**2,868**	**504**

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.

	2019 NZ$000	2018 NZ$000
Opening balance	146,189	122,212
Goodwill arising on acquisition	-	22,408
Goodwill impairment	(10,380)	(3,984)
Exchange rate differences	(1,375)	5,553
Closing net book value	**134,434**	**146,189**
Goodwill allocated to Utilities	106,758	107,670
Goodwill allocated to Airport 20/20	2,900	2,900
Goodwill allocated to Blip Systems	8,292	8,376
Goodwill allocated to CA Plus	-	11,005
Goodwill allocated to Evolve Analytics	16,484	16,238
Net book value	**134,434**	**146,189**

During the year due to the further alignment of the Gentrack Velocity and Junifer CGU's a single combined CGU named Utilities was formed. With the increased alignment it is now no longer possible to meaningfully separate the cash flows and therefore they are now reported as a single CGU.

5.3 IMPAIRMENT TESTING

IMPAIRMENT 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 annually. The key assumptions are detailed in the table below.

5.3 IMPAIRMENT TESTING (CONTINUED)

Gentrack Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of assumptions, the details of these assumptions and the potential impact of changes to the assumptions are presented below.

CASH GENERATING UNIT	2019 REVENUE GROWTH 2020 – 2024	WACC 2019	2018 REVENUE GROWTH 2019 – 2023	WACC 2018
Utilities	8% CAGR	8.7%	15% CAGR	10.8%
Airport 20/20	10% CAGR	8.8%	15% CAGR	10.8%
Blip Systems	11% CAGR	10.1%	21% CAGR	11.1%
Evolve Analytics	6% CAGR	13.5%	Not tested	Not tested

The terminal revenue growth rate for all CGU's is calculated based on the 2024 year and assumes a continuous growth of a minimum of projected inflation estimates of 1.25% (2018: 2.5%). These values assigned to the key assumptions represent management's assessments of future trends and are based on both external and internal sources.

IMPAIRMENT TESTING RESULTS – EXCLUDING CA PLUS

The calculations confirmed there was no impairment of goodwill during the year apart from CA Plus. Management believes that any reasonable possible change in the key assumptions for all CGU's, excluding CA Plus would not cause the carrying amount to exceed the recoverable amount.

Changes in key assumptions were considered as sensitivities. These are summarised in the table below.

CASH GENERATING UNIT	RECOVERABLE AMOUNT	EBITDA +5%	EBITDA -5%	WACC +1%	WACC -1%
Utilities	270,687	14,536	(14,536)	(32,536)	42,567
Airport 20/20	65,069	3,227	(3,227)	(7,669)	10,033
Blip Systems	19,909	1,106	(1,106)	(2,128)	2,677
Evolve Analytics	43,184	2,287	(2,287)	(3,371)	3,977

CA PLUS – FULL IMPAIRMENT

Gentrack Group acquired 75% of CA Plus in May 2017 with an option to acquire the remaining 25% exercisable in May 2020 based on a three year earn-out target to 31 December 2019. CA Plus was acquired as an early stage business with the expectation that it would rapidly develop.

CA Plus offers solutions to airports to process non-aeronautical revenues derived from retail and concessionaire management activities. The CA Plus solution collects sales data from tenants to calculate and charge concession fees and to provide detailed analytics supporting planning and decision making.

At 30 September 2018 the value of the liability for the option related deferred consideration was revalued to 1.00 Euro resulting in a gain of $3.8m and at the same time an impairment to goodwill of $3.9m was recognised. It was noted at that time that the carrying value after the impairment would remain sensitive to future growth and performance of the CA Plus business.

During the year ended 30 September 2019, CA Plus has not delivered expected sales growth and a strategic review of the business has been undertaken during the period. The conclusion is that while there is identifiable market demand for its solutions in the global airports sector, the approach to market needed to be significantly changed to realise the opportunity. Plans are being prepared to fully integrate CA Plus into the Airports 20/20 business and to deliver the solution as a component of the Airports 20/20 product set which will leverage the intellectual property, the resources and reshape the sales approach.

In view of the uncertainties around the future shape and performance of the business and associated financial outcomes, management considers a full impairment of the $14.6m carrying value of these acquired assets is appropriate. The $14.6m impairment includes $10.4m in goodwill and $4.2m of intangible assets.

Details of the impairment related amounts are included in notes 5.2, 5.3 and 5.4 respectively.

5.3 IMPAIRMENT TESTING (CONTINUED)

IMPAIRMENT TESTING – SUBSEQUENT EVENT

Subsequent to balance date, Gentrack Group undertook an internal review of its FY2020 revenue projections due to increased political uncertainty in the UK following Brexit developments and the announcement of a UK general election. This internal review resulted in earnings guidance for FY2020 announced on 22 November 2019, where Gentrack Group expects that FY2020 earnings would be broadly flat. Gentrack Group considers this to be a non-adjusting subsequent event, however, has assessed the impact on impairment testing. The decreased revenue expectations are not projected to result in the impairment of Gentrack Group's goodwill and other intangible assets, however, it is noted that the assets of the Evolve Analytics CGU will become sensitive to impairment and a further deterioration in underlying cash flow assumptions could result in impairment.

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.

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
- Customer relationships 10 years
- Trade-marks 4 years
- Capitalised development 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

5.4 INTANGIBLE ASSETS (CONTINUED)

2019	SOFTWARE NZ$000	CUSTOMER RELATIONSHIPS NZ$000	BRAND NAMES $000	TRADEMARKS NZ$000	CAPITALISED DEVELOPMENT NZ$000	TOTAL NZ$000
Opening balance	**39,126**	**19,002**	**5,024**	**793**	**4,242**	**68,187**
Additions	526	-	-	-	5,128	5,654
Amortisation	(4,890)	(2,471)	-	(163)	(915)	(8,439)
Impairment	(2,837)	(617)	-	-	(717)	(4,171)
Movement in foreign exchange	(512)	(196)	-	(9)	(32)	(749)
Closing net book value	**31,413**	**15,718**	**5,024**	**621**	**7,706**	**60,482**
Cost	47,170	24,676	5,024	840	8,810	86,520
Accumulated amortisation	(15,757)	(8,958)	-	(219)	(1,104)	(26,038)
Net book value	**31,413**	**15,718**	**5,024**	**621**	**7,706**	**60,482**

2018	SOFTWARE NZ$000	CUSTOMER RELATIONSHIPS NZ$000	BRAND NAMES $000	TRADEMARKS NZ$000	CAPITALISED DEVELOPMENT NZ$000	TOTAL NZ$000
Opening balance	**24,783**	**11,250**	**5,024**	**11**	**890**	**41,958**
Additions	186	-	-	-	3,730	3,916
Acquisitions through a business combination	16,559	8,994	-	812	-	26,365
Amortisation	(3,792)	(1,855)	-	(43)	(397)	(6,087)
Movement in foreign exchange	1,390	613	-	13	19	2,035
Closing net book value	**39,126**	**19,002**	**5,024**	**793**	**4,242**	**68,187**
Cost	50,650	25,620	5,024	847	4,654	86,795
Accumulated amortisation	(11,524)	(6,618)	-	(54)	(412)	(18,608)
Net book value	**39,126**	**19,002**	**5,024**	**793**	**4,242**	**68,187**

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:

- Office equipment, fixtures and fittings 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

5.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2019	FURNITURE AND EQUIPMENT NZ$000	COMPUTER EQUIPMENT NZ$000	LEASEHOLD IMPROVEMENTS NZ$000	TOTAL NZ$000
Opening balance	**1,122**	**930**	**1,784**	**3,836**
Additions	66	547	44	657
Depreciation	(209)	(608)	(184)	(1,001)
Disposals	(2)	(21)	-	(23)
Movement in foreign exchange	(8)	1	(9)	(17)
Net book value	**969**	**849**	**1,635**	**3,453**
Cost	2,133	3,783	2,086	8,002
Accumulated depreciation	(1,164)	(2,934)	(451)	(4,549)
Net book value	**969**	**849**	**1,635**	**3,453**

2018	FURNITURE AND EQUIPMENT NZ$000	COMPUTER EQUIPMENT NZ$000	LEASEHOLD IMPROVEMENTS NZ$000	TOTAL NZ$000
Opening balance	**536**	**773**	**1,215**	**2,524**
Additions	786	719	859	2,364
Acquisitions through a business combination	16	54	-	70
Depreciation	(176)	(576)	(148)	(900)
Disposals	(74)	(57)	(173)	(304)
Movement in foreign exchange	34	17	31	82
Net book value	**1,122**	**930**	**1,784**	**3,836**
Cost	2,084	3,272	2,050	7,406
Accumulated depreciation	(962)	(2,342)	(266)	(3,570)
Net book value	**1,122**	**930**	**1,784**	**3,836**

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.

	2019 NZ$000	2018 NZ$000
Trade creditors	3,742	5,102
Sundry accruals	1,745	1,805
Total trade payables and accruals	**5,487**	**6,907**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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.

	2019 NZ$000	2018 NZ$000
CURRENT		
Long service leave	635	492
Other short-term employee benefits	3,953	3,359
	4,588	**3,851**
NON-CURRENT		
Long service leave	411	339
Total employee entitlements	**4,999**	**4,190**

5.8 FINANCIAL LIABILITIES

The potential cash payments related to put options issued by Gentrack Group for the equity of acquired companies is accounted for as a financial liability. The amount that may become payable under the option on exercise is initially recognised at fair value. Options are subsequently reassessed to fair value, using the effective interest rate method, and any change arising is reflected as an adjustment to the financial liability and a corresponding entry is recognised in the statement of comprehensive income.

	2019 NZ$000	2018 NZ$000
CURRENT		
Put/Call option – Blip Systems	2,451	-
NON-CURRENT		
Put/Call option – Blip Systems	-	2,808
Total financial liabilities	**2,451**	**2,808**

The reduction for the put/call options relates to the fair value adjustment of the vendor put option for Blip Systems to $2.5m (2018: $2.8m).This represents the net present value of the minimum amount payable under the agreement and is due to be settled in cash between January 2020 and March 2020. For more information on the Blip Systems acquisition and the option please refer to the 2018 Annual Report.

In Gentrack Group's transition to NZ IFRS 9 there has been no change in the classification or accounting treatment of the vendor put option for Blip Systems.

5.9 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.

5.10 PROVISIONS

Gentrack Group recognises a provision when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance expense 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 are able to continue as going concerns. Gentrack Group is not subject to any externally imposed capital requirements.

	SHARES ISSUED		SHARE CAPITAL	
	2019 000	**2018 000**	**2019 NZ$000**	**2018 NZ$000**
Ordinary shares	98,525	83,697	190,968	101,490
Issue of new ordinary shares	120	14,828	261	89,478
	98,645	**98,525**	**191,229**	**190,968**

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 has been completed for each scheme at the grant date to estimate the fair value of the performance rights allocated. Management also make estimates about the number of performance rights that are expected to vest which determines the expense recorded in the statement of comprehensive income.

EQUITY SETTLED LONG TERM INCENTIVE SCHEME – EARNINGS PER SHARE CUMULATIVE AVERAGE GROWTH RATE (EPS CAGR)

During the year the Gentrack Group Board approved the fourth annual issue of an equity settled long term incentive scheme first implemented in 2016 for selected key personnel. The scheme is intended to reward these key personnel to focus on the long-term performance measure. The number of performance rights are allocated 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 immediately following the announcement of the annual financial results for the prior year.

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 2019, $0.1m has been recognised in the statement of comprehensive income for that period (2018: $0.3m).

The number of performance rights that will vest and be exercisable after three years depends on achievement of the performance hurdle. The performance hurdle is that 50% of the Performance Rights will vest if EPS CAGR of Gentrack Group over the three financial years is 7%, with the number of performance rights that vest increasing on a linear basis to 100% if EPS CAGR of 12% is achieved.

Details of the outstanding performance rights are detailed below:

GRANT DATE 2019	EXPIRY DATE	TOTAL VALUE OF GRANTED PERFORMANCE RIGHTS NZ$000	PERFORMANCE RIGHTS GRANTED 000
EPS SCHEMES 2016-2018			
1 October 2016	30 November 2019	214	76
1 October 2017	30 November 2020	449	78
1 October 2018	30 November 2021	542	114
Total EPS Schemes		**1,205**	**268**

GRANT DATE 2018	EXPIRY DATE	TOTAL VALUE OF GRANTED PERFORMANCE RIGHTS NZ$000	PERFORMANCE RIGHTS GRANTED 000
EPS SCHEMES 2016-2017			
2 May 2016	31 January 2019	332	152
1 October 2016	30 November 2019	214	76
1 October 2017	30 November 2020	449	78
Total EPS Schemes		**995**	**306**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

6.2 SHARE-BASED PAYMENTS (CONTINUED)

Below is a summary of the performance rights, granted, exercised and forfeited during 2019 for the EPS schemes:

	2019		2018	
GRANT DATE	AVERAGE EXERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS 000	AVERAGE EXERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS 000
As at 1 October	$3.25	306	$2.39	228
Granted during the year	$4.75	114	$5.75	78
Exercised during the year	$2.18	(120)	-	-
Forfeited during the year	$2.18	(32)	-	-
As at 30 September	**$4.49**	**268**	**$3.25**	**306**

6.3 DIVIDENDS

Details of the dividends paid during the year ended 30 September 2019 are provided below:

	CENTS PER SHARE		DIVIDENDS PAID	
	2019	2018	2019 NZ$000	2018 NZ$000
Final dividend paid	8.7c	8.5c	8,572	7,114
Interim dividend paid	5.0c	5.0c	4,891	4,185
	13.7c	**13.5c**	**13,463**	**11,299**

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.

	2019	2018
(Loss)/Profit attributable to the shareholders of the company	(3,315)	13,869
(Loss)/Profit attributable to the shareholders of the company adjusted for the effect of dilution	(3,315)	13,869
Basic weighted average number of ordinary shares issued	98,605	86,622
Shares deemed to be issued for no consideration in respect of share-based payments	267	306
Weighted average number of shares used in diluted earnings per share	98,872	86,928
Basic earnings per share	($0.03)	$0.16
Diluted earnings per share	($0.03)	$0.16

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.

	2019 NZ$000	2018 NZ$000
INCOME TAX EXPENSE COMPRISES		
Current tax expense	6,144	9,283
Deferred tax expense	(2,386)	(2,420)
Tax expense	**3,758**	**6,863**

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% (2018: 28%) and the reported tax expense in the statement of comprehensive income can be reconciled as follows:

	2019 NZ$000	2018 NZ$000
Profit before tax	443	20,732
Taxable income	443	20,732
Domestic tax rate for Gentrack Group	28%	28%
Expected tax expense	**124**	**5,805**
Non-deductible expense	3,922	724
Foreign subsidiary company tax	(543)	(372)
Prior period adjustments	255	706
Actual tax expense	**3,758**	**6,863**

As at 30 September 2019 Gentrack Group has $6.3m (2018: $5.0m) of imputation credits available for use in subsequent reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that 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, 17% for UK entities, 22% for Denmark entities and 35% for Malta entities.

Movement in temporary timing differences during the year:

2019	OPENING BALANCE NZ$000	BUSINESS COMBINATIONS $000	TEMPORARY MOVEMENT RECOGNISED NZ$000	CURRENCY TRANSLATION NZ$000	CLOSING BALANCE NZ$000
Trade and other receivables	(197)	-	123	6	(68)
Intangible assets	(10,308)	-	2,948	164	(7,196)
Contract liabilities	701	-	(28)	(12)	661
Provisions	2,312	-	(1,216)	(40)	1,056
Losses carried forward	613	-	511	(48)	1,076
Other	(143)	-	48	(2)	(97)
Net deferred tax	**(7,022)**	**-**	**2,386**	**68**	**(4,568)**

2018	OPENING BALANCE NZ$000	BUSINESS COMBINATIONS $000	TEMPORARY MOVEMENT RECOGNISED NZ$000	CURRENCY TRANSLATION NZ$000	CLOSING BALANCE NZ$000
Trade and other receivables	10	-	207	-	(197)
Intangible assets	(7,076)	(4,924)	2,091	(399)	(10,308)
Contract liabilities	815	-	(118)	4	701
Provisions	1,421	-	856	35	2,312
Losses carried forward	640	-	(76)	49	613
Other	2	-	(126)	(19)	(143)
Net deferred tax	**(4,188)**	**(4,924)**	**2,420**	**(330)**	**(7,022)**

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 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 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 a number of 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, 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 used where there is objective 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:

	2019		2018	
	GROSS NZ$000	IMPAIRMENT PROVISION NZ$000	GROSS NZ$000	IMPAIRMENT PROVISION NZ$000
Current	12,848	(115)	8,904	-
Past due 1-60 days	3,248	(326)	4,385	-
Past due 61-120 days	2,842	(594)	1,689	-
Past due 121-180 days	746	(248)	1,278	-
Past due over 180 days	2,570	(1,585)	1,327	(504)
	22,254	**(2,868)**	**17,583**	**(504)**

Gentrack Group's trade receivables are not exposed to any significant credit exposure to any single counterparty or group of counterparties having similar characteristics. Trade receivables consist of a number of 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.

As at 30 September 2019 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, 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 respective functional currencies of Group entities, primarily the 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):

2019	AUD NZ$000	GBP NZ$000	EUR NZ$000	USD NZ$000	DKK NZ$000
Cash and cash equivalents	1,309	3,903	112	425	208
Trade and other receivables	4,834	14,469	2,271	5,829	2,950
Trade and other payables	(397)	(1,384)	(1,874)	(1,539)	(402)
Financial liabilities	-	-	-	-	(2,451)
Net exposure	**5,746**	**16,988**	**509**	**4,714**	**304**

2018	AUD NZ$000	GBP NZ$000	EUR NZ$000	USD NZ$000	DKK NZ$000
Cash and cash equivalents	3,007	1,023	18	366	-
Trade and other receivables	426	-	1,030	1,519	-
Trade and other payables	(168)	-	(4)	(261)	-
Financial liabilities	-	-	-	-	2,828
Net exposure	**3,265**	**1,023**	**1,044**	**1,624**	**2,828**

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 2019 (2018: 10%). These +/-10% sensitivities have been determined based on the average market volatility in exchange rates in the preceding 12 months.

	PROFIT/EQUITY				
2019	AUD NZ$000	GBP NZ$000	EUR NZ$000	USD NZ$000	DKK NZ$000
10% strengthening in NZD	(522)	(1,544)	(46)	(429)	(28)
10% weakening in NZD	638	1,888	57	524	34

	PROFIT/EQUITY				
2018	AUD NZ$000	GBP NZ$000	EUR NZ$000	USD NZ$000	DKK NZ$000
10% strengthening in NZD	297	(93)	(95)	(148)	(257)
10% weakening in NZD	363	114	116	180	314

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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:

2019	ON DEMAND NZ$000	LESS THAN 3 MONTHS NZ$000	3 TO 12 MONTHS NZ$000	1 TO 5 YEARS NZ$000	>5 YEARS NZ$000	TOTAL NZ$000
Bank loan	-	4,000	-	-	-	4,000
Related party loan	-	-	-	450	-	450
Trade payables	-	3,742	-	-	-	3,742
Financial liabilities	-	-	2,451	-	-	2,451
	-	**7,742**	**2,451**	**450**	**-**	**10,643**

2018	ON DEMAND NZ$000	LESS THAN 3 MONTHS NZ$000	3 TO 12 MONTHS NZ$000	1 TO 5 YEARS NZ$000	>5 YEARS NZ$000	TOTAL NZ$000
Trade payables	-	5,102	-	-	-	5,102
Financial liabilities	-	-	-	2,808	-	2,808
	-	**5,102**	**-**	**2,808**	**-**	**7,910**

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 NZ$000	FLOATING NZ$000	FIXED UP TO 3 MONTHS NZ$000	FIXED UP TO 6 MONTHS NZ$000	FIXED UP TO 5 YEARS NZ$000	TOTAL NZ$000
ASSETS						
Bank balance		8,625	-	-	-	8,625
LIABILITIES						
Bank loans	2.34%	-	(4,000)	-	-	(4,000)
Related party loan	2.56%	-	-	(450)	-	(450)
Total exposure		**8,625**	**(4,000)**	**(450)**	**-**	**4,175**

	EFFECTIVE INTEREST RATE +1% NZ$000	EFFECTIVE INTEREST RATE -1% NZ$000
Bank balances	87	(87)
Bank loan	(40)	40
Related party loan	(5)	5
Total exposure	**42**	**(42)**

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 in order 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 except for contingent consideration which is required to be measured at fair value through profit and loss.

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

CASH AND CASH EQUIVALENTS

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

TRADE RECEIVABLES

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

TRADE PAYABLES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

8.5 FINANCIAL INSTRUMENTS (CONTINUED)

LOANS AND BORROWINGS

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

FAIR VALUES

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

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

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

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

There have been no transfers between levels or changes in the valuation methods used to determine the fair value of Gentrack Group's financial instruments during the period. As at 30 September 2019 Gentrack Group has $2.5m of level 3 financial instruments relating to a call/put option for the acquisition of Blip Systems, this financial instrument is contingent consideration and is required to be measured at fair value with changes recognised in the statement of comprehensive income (2018: $2.8m). Please refer to note 33 of the 2018 Annual Report for further information on the Blip Systems acquisition.

FINANCIAL INSTRUMENTS BY CATEGORY

	2019 NZ$000	2018 NZ$000
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Cash and cash equivalent	8,626	11,400
Trade and other receivables	31,279	24,055
	39,905	**35,455**
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Loans and borrowings	(4,450)	-
Trade payables	(3,742)	(5,102)
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE		
Financial liabilities	(2,451)	(2,808)
	(10,643)	**(7,910)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

9. OTHER INFORMATION

9.1 OPERATING LEASES

All leases held by Gentrack Group are operating leases. Leases in which a significant portion of the risks and rewards of ownership are not transferred to Gentrack Group as a lessee are classified as operating leases. Payments made under an operating lease (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the term of the lease. Any associated costs, such as maintenance and insurance, are expensed as incurred in the consolidated statement of comprehensive income.

Gentrack Group leases property and office equipment. Operating leases held over properties give Gentrack Group the right to renew the lease subject to redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of office equipment held under operating leases.

Gentrack Group has operating lease commitments in respect of property and office equipment. The total future minimum payments under non-cancellable operating leases are as follows:

	2019 NZ$000	2018 NZ$000
Less than one year	3,457	2,637
Between one and five years	12,716	8,031
More than 5 years	13,222	6,724
Total operating lease commitments	**29,395**	**17,392**

The carrying value of Gentrack Group's lease incentives at 30 September 2019 are as follows:

	2019 NZ$000	2018 NZ$000
CURRENT		
Lease incentives	849	704
NON-CURRENT		
Lease incentives	3,028	3,612
Total lease incentives	**3,877**	**4,316**

Lease incentives relate to property leases in London and Auckland, which have a lease term of 5 years and 12 years respectively.

9.2 AUDITORS REMUNERATION

	2019 NZ$000	2018 NZ$000
KPMG – audit fees	537	325
KPMG – review fees	43	41
KPMG – taxation services	177	168
Entrust – audit fees	7	-
Total fees paid to auditor(s)	**764**	**534**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

9.3 KEY MANAGEMENT PERSONNEL 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.

	2019 NZ$000	2018 NZ$000
Salaries, bonus and other benefits	3,466	3,760
Share-based payments	261	331
Directors' fees	422	423
	4,149	**4,514**

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 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 2019 (2018: $Nil).

CONTINGENCIES

ASB New Zealand has provided the following guarantees on behalf of the Gentrack Group:

$0.1m (AUD$0.1m) to ASB Bank. This guarantee is open ended.

$0.1m to ASB Bank. This guarantee has no expiry date.

$0.1m (AUD$0.1m) to ASB Bank. This guarantee is open ended.

$0.6m (AUD$0.6m) to ASB Bank. This guarantee expires on 30 April 2020.

Gentrack Group has utilised $0.9m of their $3.8m bond from ASB Bank at 30 September 2019 (2018: $1.0m).

EVENTS AFTER BALANCE DATE

A final dividend of $3.0m ($0.03 per share) was declared on 27 November 2019 for the year ended 30 September 2019 and will be paid on 18 December 2019.

On 22 November 2019, Gentrack Group announced earnings guidance for FY2020 where earnings would be broadly flat with FY2019. Refer to note 5.3 for further comments.

CORPORATE GOVERNANCE

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

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

This section sets out the Company's commitment to good corporate governance and addresses the Company's compliance with the eight fundamental principles of the NZX Corporate Governance Code (NZX Code).

The Company's Constitution, the Charters and most of the policies referred to in this Corporate Governance Statement are available on the Company's website www.gentrack.com ("Company Website") in the Leadership and Governance section of the Investor Centre.

This corporate governance statement is current as at 27 November 2019 and has been approved by the Board.

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

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

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

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

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

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

PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

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

BOARD CHARTER

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

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

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

NOMINATION AND APPOINTMENT

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

CORPORATE GOVERNANCE

COMPOSITION OF BOARD

As at 30 September 2019 the Board comprised six Directors, as follows:

- John Clifford (Non-executive Chair) – appointed May 2012
- James Docking (Non-executive Director) – appointed May 2012
- Andy Coupe (Non-executive Director) – appointed April 2014
- Fiona Oliver (Non-executive Director) – appointed February 2019
- Leigh Warren (Non-executive Director) – appointed May 2012
- Nick Luckock (Non-executive Director) – appointed February 2018

Profiles of each Director are available in the Investor Centre section on the Company's website.

The Company has written agreements with each board member establishing the terms of their appointment.

DELEGATION

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

DIRECTOR INDEPENDENCE

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

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

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

The Board considers that Leigh Warren, Fiona Oliver and Andy Coupe are Independent Directors. The Board has determined that James Docking and John Clifford are not Independent Directors because they are both substantial shareholders of the Company. Nick Luckock is not classed as an independent director because HgCapital (of which he is a Partner) controls Baincor Nominees Pty Limited, which is a substantial shareholder of the Company.

SELECTION AND ROLE OF CHAIRMAN

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

John Clifford has held the role of Chairman throughout the financial year. The Board has determined that John Clifford is not an Independent Director because he is a substantial shareholder in the Company (as noted above). However, given the nature of the Company, John Clifford is considered the most appropriate Director to act as Chairman given his wealth of experience in the utilities sector, having served as Chairman of several other businesses involved in utility technology.

DIVERSITY AND INCLUSION POLICY

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

Carer's leave, in addition to sick leave, was introduced by the Company in 2018 to cover days where an employee provides care or support to a member of his or her immediate family. Flexible working has also been introduced.

A Diversity and Inclusion Committee was established by the Company. Committee members underwent Diversity and Inclusion training and a Diversity Week was held to celebrate Diversity at the Company. The Committee has reviewed the Diversity and Inclusion Strategy to progress the objectives of the Diversity and Inclusion Policy. A number of initiatives have been held during the year to support diversity and inclusion.

CORPORATE GOVERNANCE

At 30 September 2019, the gender breakdown for the Company (and its wholly owned subsidiaries) was as follows:

	BOARD	SENIOR EXECUTIVES	ALL EMPLOYEES
FY19			
Female	1	1	137
Male	5	11	407
% Female	17%	8%	25%
FY18			
Female	0	1	134
Male	6	10	400
% Female	0%	9%	25%

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

DIRECTOR EDUCATION

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

RETIREMENT AND RE-ELECTION

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

DIRECTORS' SHARE OWNERSHIP

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

INDEMNITIES AND INSURANCE

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

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

BOARD MEETINGS

The Board has a standard schedule which includes meeting eleven times per annum, in addition other board meetings are held as needed to deal with specific matters such as acquisition related activity. There were also separate meetings of the Board Committees. Directors receive detailed information in Board papers to facilitate decision making. At each meeting the Board considers key financial and operational information as well as matters of strategic importance.

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

Directors who are not members of the Committees may attend the Committee meetings where invited to do so by the Chairman of the relevant Committee.

CORPORATE GOVERNANCE

DIRECTOR	BOARD		AUDIT AND RISK COMMITTEE		NOMINATIONS AND REMUNERATION COMMITTEE	
	NO. OF MEETINGS	NO. ATTENDED	NO. OF MEETINGS	NO. ATTENDED	NO. OF MEETINGS	NO. ATTENDED
John Clifford	11	11	5	5	2	2
James Docking	11	11				
Andy Coupe	11	11	5	5		
Graham Shaw[1]	11	3	5	2	2	1
Fiona Oliver[2]	11	7	5	3	2	1
Leigh Warren	11	11			2	2
Nick Luckock	11	11				

[1] Graham Shaw resigned from the Board in February 2019.

[2] Fiona Oliver joined the Board in February 2019

Membership of the Board Committees is set out on the following pages.

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

BOARD ACCESS TO INFORMATION AND ADVICE

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

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

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

CONFLICTS OF INTEREST

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

PERFORMANCE REVIEW

The Board has a formal review of its performance on an annual basis. A review was undertaken in August 2019.

PRINCIPLE 3 – BOARD COMMITTEES

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

BOARD COMMITTEES

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

The membership of each Committee at 30 September 2019 was:

1. Audit and Risk Committee – Fiona Oliver (Chair), Andy Coupe, John Clifford
2. Nominations and Remuneration Committee – John Clifford (Chair), Leigh Warren and Fiona Oliver.

Two out of the three members of the above committees are independent directors. Management and other employees attend committee meetings at the invitation of the respective committee. Graham Shaw chaired the Audit and Risk Committee up to his resignation in February 2019 and was a member of the Nominations and Remuneration Committee.

CORPORATE GOVERNANCE

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

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

PRINCIPLE 4 – REPORTING AND DISCLOSURE

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

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

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

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

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

The Company does not currently provide non-financial reporting on environmental, social and governance factors other than as set out in this statement. Additional non-financial reporting on environmental and social factors will be included in next year's Annual Report.

PRINCIPLE 5 – REMUNERATION

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

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

DIRECTOR REMUNERATION

The Company distinguishes the structure of non-executive Directors' remuneration from that of executive Directors. Total Directors' fees are currently set at a maximum of $450,000 per annum for the non-executive Directors. The actual amount of fees paid in the past year was $422,000.

CEO REMUNERATION

This is structured as follows:

Fixed base salary of $700,000 per annum. This amount is reviewable at the Board's discretion each year.

Annual short term incentive payments of up to 20% of the fixed base salary. The actual short term incentive awarded (if any) is determined at the discretion of the Board after assessing the performance of the Company and the performance of the CEO against performance targets and priorities agreed annually.

The CEO participates in the Company's Long Term Incentive Scheme (LTI Scheme). In February 2019, 119,613 performance rights previously issued to the CEO by the Company vested and an additional 36,728 performance rights were issued to the CEO under the LTI Scheme. These rights vest over three years and are subject to Gentrack Group achieving certain performance hurdles contained within the LTI Scheme that are aligned to sustained earnings per share growth.

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

PRINCIPLE 6 – RISK MANAGEMENT

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

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

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

To support its commitment to Information Security Management, the Company is an ISO/EC 27001:2013 certified organisation for Cloud services it provides via Amazon Web Services. ISO/IEC 27001:2013 specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system. It also includes requirements for the assessment and treatment of information security risks tailored to the needs of the organisation. The purpose of this international standard is to help organisations establish and maintain an information security management system to manage and control information, security risks as well as maintaining the integrity, protection, preservation and confidentiality of information.

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

The Company considers that it does not have any material exposure to economic, environmental and social sustainability risks. The Board receives a health and safety report and an information security report each month and considers these matters at each Board meeting.

PRINCIPLE 7 – AUDITORS

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

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

The Audit and Risk Committee's principal functions are:

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

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

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

As a New Zealand company, section 295A of the Australian Corporations Act is not applicable to the Company. This section requires the Company's Chief Executive Officer and Chief Financial Officer to make a declaration in relation to the financial records and financial statements and notes. However, the Company's Chief Executive Officer and Chief Financial Officer provide equivalent assurances to the Board as part of the annual external audit process.

The Company's external auditors will attend the annual meeting, and are available to answer questions relating to the conduct of the external audit and the preparation and content of the auditor's report. The external auditors also provided non-audit related services to the Company relating to local and international tax advisory and compliance. The Company does not have an internal audit function. Where required, such audit activity is conducted by third parties, not by the Company's external auditors.

PRINCIPLE 8 – SHAREHOLDER RIGHTS AND RELATIONS

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

The company currently keeps shareholders informed through:

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

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

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

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

DISCLOSURES

ENTRIES RECORDED IN THE INTERESTS REGISTER

The Company maintains an Interest Register in accordance with the Companies Act 1993 and the Securities Markets Act 1988. There were no entries made in the Interests Register for the period 1 October 2018 to 30 September 2019 that require disclosure.

SHARE DEALINGS OF DIRECTORS AND SENIOR MANAGERS

Directors disclosed the following acquisitions and disposals of relevant interests in Gentrack shares during the year ended 30 September 2019.

SHARES	DATE OF ACQUISITION/DISPOSAL	CONSIDERATION PER SHARE	NUMBER OF SHARES ACQUIRED/(DISPOSED)
Ian Black	1 February 2019	Nil*	119,613

* In February 2019, 119,613 performance rights previously issued to the CEO by the Company vested.

SHAREHOLDINGS OF DIRECTORS AT 30 SEPTEMBER 2019

	2019 RELEVANT INTEREST IN SHARES HELD	**2018** RELEVANT INTEREST IN SHARES HELD
John Clifford	9,555,251	9,555,251
Andy Coupe	24,444	24,444
James Docking	5,358,196	5,358,196
Graham Shaw[1]	58,666	58,666
Leigh Warren	298,853	298,853
Nick Luckock[2]	11,191,471	11,191,471
Ian Black[3]	119,613	-

[1] Graham Shaw resigned as a director of Gentrack Group Limited on 26 February 2019.

[2] Nick Luckock is a Partner of HgCapital. HgCapital controls Baincor Nominees Pty Limited which holds shares in Gentrack Group Limited.

[3] Ian Black is a Director of the following subsidiary companies: Gentrack Limited, Veovo Group Limited, Gentrack Group Australia Pty Limited, Gentrack Pty Limited, Gentrack UK Limited, Gentrack Holdings UK Limited, Evolve Parent Limited, Veovo Inc, Veovo NZ Limited and Veovo UK Limited.

REMUNERATION OF DIRECTORS

Details of the total remuneration of, and the value of other benefits received by, each Director of Gentrack Group Limited during the financial year ended 30 September 2019 are as follows:

	2019 FEES	**2018** FEES
John Clifford	103,000	103,000
Andy Coupe	62,000	62,000
James Docking	62,000	62,000
Nick Luckock	62,000	36,167
Nic Humphries[1]	-	25,833
Graham Shaw[2]	30,000	72,000
Leigh Warren	62,000	62,000
Fiona Oliver	41,000	-
	422,000	**423,000**

[1] Nic Humphries resigned as a non-executive director on 28 February 2018.

[2] Graham Shaw resigned as a non-executive director and chair of the Audit and Risk Committee on 26 February and was paid $30,000 for his role as Director and chair of the Audit and Risk Committee. Subsequent to his resignation, he was paid $20,6000 as a consultant.

[3] Fiona Oliver was elected as a non-executive Director and chair of the Audit and Risk Committee on 26 February 2019.

No directors received salaried remuneration in either 2018 or 2019.

DISCLOSURES

EMPLOYEE REMUNERATION

The number of current employees of the parent and subsidiaries receiving remuneration and benefits above $100,000 in the year ended 30 September 2019 are set out in the table below:

REMUNERATION	NUMBER OF EMPLOYEES
$100,001 – $110,000	34
$110,001 – $120,000	31
$120,001 – $130,000	15
$130,001 – $140,000	12
$140,001 – $150,000	7
$150,001 – $160,000	12
$160,001 – $170,000	13
$170,001 – $180,000	9
$180,001 – $190,000	3
$190,001 – $200,000	2
$200,001 – $210,000	2
$210,001 – $220,000	5
$220,001 – $230,000	1
$230,001 – $240,000	6
$240,001 – $250,000	1
$250,001 – $260,000	2
$260,001 – $270,000	1
$270,001 – $280,000	1
$280,001 – $290,000	1
$290,001 – $300,000	1
$300,001 – $310,000	4
$310,001 – $320,000	2
$320,001 – $330,000	1
$340,001 – $350,000	1
$360,001 – $370,000	1
$470,001 – $480,000	1
$710,001 – $720,000	1
Total	**170**

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

ANALYSIS OF SHAREHOLDING

SIZE OF HOLDING	NUMBER OF HOLDERS	FULLY PAID ORDINARY SHARES NUMBER OF SHARES[1]	% OF ISSUED CAPITAL
1 – 1,000	1,527	735,491	0.75
1,001 – 5,000	1,608	4,032,198	4.09
5,001 – 10,000	399	2,889,641	2.93
10,001 – 50,000	248	4,647,611	4.71
50,001 – 100,000	35	2,507,689	2.54
Greater than 100,000	45	83,832,199	84.98
TOTAL	**3,859**	**98,664,829**	**100**

[1] The total number of shares on issue were 98,644,829.

DISCLOSURES

TWENTY LARGEST SHAREHOLDERS

The twenty largest shareholders of fully paid ordinary shares were:

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
Baincor Nominees Pty Ltd	11,191,471	11.35
Uplands Group Pty Limited	8,424,256	8.54
Jametti Limited	5,358,196	5.43
J P Morgan Nominees Australia Pty Limited	4,969,790	5.04
Custodial Services Limited	4,222,726	4.28
Citibank Nominees (NZ) Ltd[1]	4,129,659	4.19
HSBC Nominees (New Zealand) Limited[1]	3,838,146	3.89
Custodial Services Limited	3,482,209	3.53
Mmc Limited[1]	3,205,464	3.25
Nigel Peter Farley and Richard John Burrell	2,990,000	3.03
National Nominees New Zealand Limited[1]	2,801,333	2.84
JPMORGAN Chase Bank[1]	2,773,326	2.81
Accident Compensation Corporation[1]	2,107,609	2.14
HSBC Nominees (New Zealand) Limited[1]	1,905,186	1.93
Custodial Services Limited	1,779,896	1.80
Tea Custodians Limited[1]	1,684,367	1.71
HSBC Custody Nominees (Australia) Limited	1,351,257	1.37
Terence De Montalt Maude and Wendy Fay Wood	1,300,000	1.32
Custodial Services Limited	1,199,069	1.22
JCVC Pty Ltd	1,130,995	1.15

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

The percentage shareholding of the 20 largest shareholders of Gentrack Group Limited fully paid ordinary shares was 71%.

DISCLOSURES

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2019

According to notices given under the Securities Markets Act 1988, the following persons were Substantial Shareholders in Gentrack Group Limited at 30 September 2019 in respect of the number of voting securities set opposite their names.

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
Baincor Nominees Pty Limited	11,191,471	11.35
Uplands Group Pty Limited as trustees of Uplands Group Trust, JCVC Pty Limited as trustees of JCVC Superannuation Fund, John Clifford and Valerie Clifford	9,555,251	9.69
Jarden Partners Limited	5,770,535	5.85
Jametti Limited as trustees of Fraxinus Aurea Trust	5,358,196	5.43
BlackRock, Inc.	5,075,071	5.15

The total number of issued voting shares of Gentrack Group Limited at 30 September 2019 was 98,644,829. Where voting at a meeting of the shareholders is by voice or show of hands, every shareholder present in person or by representative has one vote, and on a poll, every shareholder present in person, or by representative has one vote for each fully paid ordinary share in the Company.

At 30 September 2019, there were 160 shareholders holding marketable parcels of less than $500.

SUBSIDIARY COMPANY DIRECTORS

The following people held office as Directors of subsidiary companies at 30 September 2019:

Gentrack Limited	John Clifford, Ian Black
Gentrack Pty Limited	John Clifford, Ian Black
Gentrack Group Australia Pty Limited	John Clifford, Ian Black
Gentrack UK Limited	John Clifford, Ian Black, Tim Bluett
Junifer Systems Limited	Kenton Judson, Saul Nurtman
Blip Systems	John Clifford, Ian Black, Peter Knudsen, Lars Tørholm
CA Plus Limited	John Clifford, Ian Black, John de Giorgio
Veovo Group Limited*	John Clifford, Ian Black
Veovo Holdings (Denmark) ApS	John Clifford
Gentrack Holdings (UK) Limited	John Clifford, Ian Black, Tim Bluett
Gentrack (Singapore) Pte Limited	John Clifford, Ian Black, K Kalaai Pillai
Evolve Parent Limited	John Clifford, Ian Black, Tim Bluett
Evolve Analytics Limited	John Clifford, Ian Black, Tim Bluett, Alan Duggan
Veovo Inc	John Clifford, Ian Black
Veovo NZ Limited	John Clifford, Ian Black**
Veovo UK Limited	John Clifford, Ian Black***

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

* Veovo Limited changed its name to Veovo Group Limited on 8 March 2019.

**Both directors were appointed on incorporation on 29 April 2019.

***Both directors were appointed on incorporation on 1 May 2019.

DISCLOSURES

DONATIONS

The Company made donations of $5,300 during the year ended 30 September 2019.

CREDIT RATING

The Company has no credit rating.

FOREIGN EXEMPT LISTING

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

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

WAIVERS

Gentrack Group Limited had no NZX waivers granted or published by NZX within or relied upon in the 12 months ending 30 September 2019. On listing in 2014, Gentrack Group Ltd was granted waivers from the ASX which are standard for a New Zealand company listed on the ASX. This includes confirmation that ASX will accept financial statements denominated in New Zealand dollars and prepared and audited in accordance with New Zealand Generally Accepted Accounting Principles and Auditing Standards. The waivers granted by the ASX have been extended to reflect the Company's ASX Foreign Exempt listing status from 30 March 2016.

ANNUAL MEETING

Gentrack Group Limited's Annual Meeting of Shareholders will be held in Auckland on 26 February 2020 at 4:00pm. A notice of Annual Meeting and Proxy Form will be circulated to shareholders in January 2020.

CORPORATE DIRECTORY

REGISTERED OFFICE

Gentrack Group Limited
17 Hargreaves Street, St Marys Bay, Auckland 1011,
New Zealand
Phone: +64 9 966 6090

Level 9, 390 St Kilda Road, Melbourne, VIC 3004
Australia
Phone: +61 3 9867 9100

POSTAL ADDRESS

PO Box 3288, Shortland Street, Auckland 1140
New Zealand

Level 9, 390 St Kilda Road, Melbourne, VIC 3004
Australia

NEW ZEALAND INCORPORATION NUMBER

3768390

AUSTRALIAN REGISTERED BODY NUMBER (ARBN)

169 195 751

DIRECTORS

John Clifford, Chairman
Andy Coupe
Fiona Oliver*
Graham Shaw*
James Docking**
Darc Rasmussen**
Nick Luckock
Leigh Warren

* Fiona Oliver was elected by shareholders at the Annual Meeting on 26 February 2019 as a non-executive director. Graham Shaw resigned as a non-executive director at the same meeting.

** James Docking resigned as a non-executive director effective 12 December 2019. The Board appointed Darc Rasmussen as a non-executive director effective from the same date.

COMPANY SECRETARY

Jon Kershaw

AUDITOR

KPMG

18 Viaduct Harbour Avenue, Auckland, 1140
Phone: +64 9 367 5800
Facsimile: +64 9 367 5875

LEGAL ADVISERS

BELL GULLY

BANKERS

ASB BANK LIMITED

ANZ LIMITED

HSBC PLC

SHARE REGISTRAR

NEW ZEALAND

LINK MARKET SERVICES LIMITED

Level 11, Deloitte Centre, 80 Queen Street, Auckland 1010
PO Box 91 976, Auckland 1142
Phone: +64 9 375 5998
Facsimile: +64 9 375 5990
Email: enquiries@linkmarketservices.com

AUSTRALIA

LINK MARKET SERVICES LIMITED

Level 12, 680 George Street, Sydney, NSW 2000
Locked Bag A14, Sydney South, NSW 1235
Phone: +61 1300 554 474
Facsimile: +2 9287 0303
Email: enquiries@linkmarketservices.com