FINANCIAL YEAR 2023 RESULTS PRESENTATION

23 August 2023

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Information contained in this presentation:

- Is intended to be general background information only, and is not intended that it be relied upon as advice to investors or potential investors and is not an offer or invitation for subscription, purchase, or recommendation of securities in Hansen.
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- Includes statements relating to past performance, which should not be regarded as a reliable guide to future performance.
- Includes certain financial information not recognised under IFRS which Hansen considers useful to assist in evaluating Hansen's performance – however, such information has not been subject to audit or review in accordance with Australian Auditing Standards.

All dollar values are in Australian dollars (A$) unless otherwise stated.

Definitions:

- 1H22 = six months ended 31 December 2021
- 2H22 = six months ended 30 June 2022
- FY22 = financial year ended 30 June 2022
- 1H23 = six months ended 31 December 2022
- 2H23 = six months ended 30 June 2023
- FY23 = financial year ended 30 June 2023
- 1H24 = six months ended 31 December 2023
- FY24 = financial year ended 30 June 2024
- EBITDA* = Earnings before interest, tax, depreciation and amortisation, excluding net foreign exchange gains (losses)
- Underlying EBITDA* = Earnings before interest, tax, depreciation and amortisation, excluding net foreign exchange gains (losses), not including non-recurring items
- NPAT = Net profit after tax
- NPATA* = Net profit after tax excluding tax effected amortisation of acquired intangibles and non-recurring items
- EPSa = Earnings per share on NPATA

* EBITDA, EBIT and NPATA are non-IFRS measures that have not been audited or reviewed by Hansen's auditors.

AGENDA

- About Us
- FY23 Key Themes
- Results Highlights
- Results Details
- Cash and Capital Management
- Research & Development
- Artificial Intelligence
- M&A Updates
- FY24 Guidance
- Q&A
- Financial Statements

ABOUT US

Andrew Hansen – Managing Director

We make complicated billing simple and provide solutions to customers in the energy, gas, water and communications industries.

We own the IP have less than 2% customer churn and are well diversified by location and customer.

We are at the heart of our customers cash cycle and mission critical to their success.

We have highly predictable and diversified revenue streams and are highly cash generative.

HANSEN TECHNOLOGIES LIMITED

A proven strategy over many years

- Established in 1971 and listed on the ASX in 2000
- Customers in over 80 countries
- Our global diversification ensures we are not beholden to one product, client, currency, industry or geography
- We own the IP, the implementation and the pricing power
- We have very low customer churn, and strive to not give our customers a reason to leave
- We take a careful and patient approach to growth through acquisition
- Our 'Hansenisation' approach ensures acquisitions are quickly and successfully integrated
- We are founder led and have very strong capital management
- Our product R&D approach is disciplined and measurable, we don't build a field of dreams
- Our balance sheet is strong and robust and ready for further growth and acquisitions

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FY23 KEY THEMES

Andrew Hansen – Managing Director

FY23 KEY THEMES

Strong FY23 organic revenue

We delivered revenue growth of 5.2% - above the upper end of our guidance & historical average

$78.8m of operating cash flow

We are a strong stable and consistently cash generative business

Several new logos & renewals won

Our customers continue to choose us when looking for support to expand their offerings

$53.8m returned to stakeholders

We have returned $212m to our banks and shareholders since FY19

Introduced our ESG roadmap

We have defined our material ESG topics and introduced our ESG roadmap for the future

Effectively Net Debt Zero

Robust Balance Sheet. We continued to pay down our debt and are well positioned for M&A

Strong sales pipeline

Our Organic Revenue guidance for FY24 is for growth of 5 - 7%

Long term customer base

No material customers lost in FY23. Our customer churn remains below 2%

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RESULTS HIGHLIGHTS

Andrew Hansen – Managing Director

FY23 FINANCIAL SUMMARY

Revenue

$311.8m

Up 5.2% vs FY22

Underlying EBITDA[1]

$99.5m

Down 0.8% vs FY22
EBITDA Margin 31.9%

NPAT[2]

$42.8m

Up 2.1% vs FY22

Basic EPS[3]

21.1¢

Up 1.0% vs FY22

Dividend

10.0¢

Flat on FY22[4]

Net Debt[5]

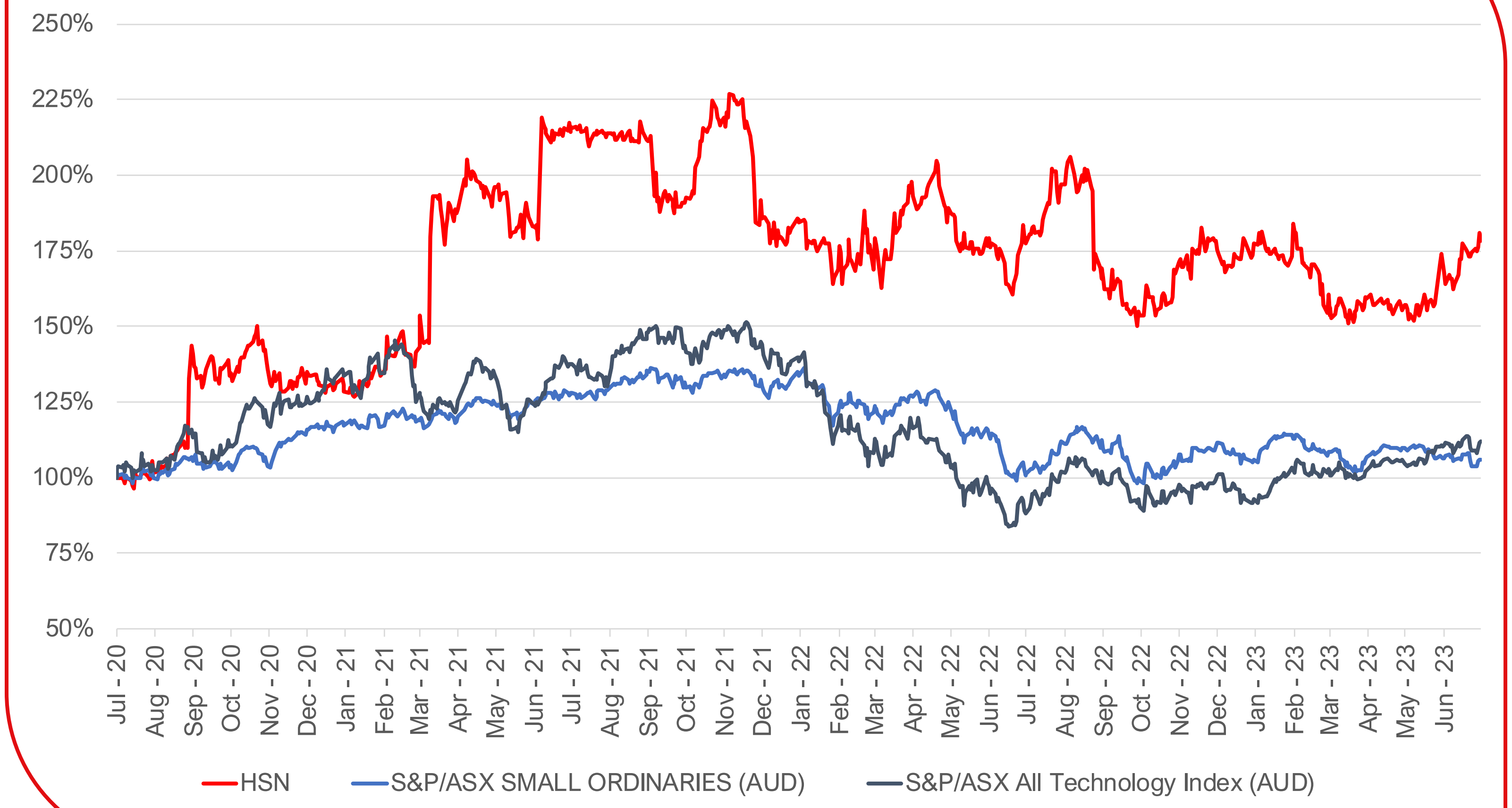
$0.4m

Net cash positive from July 2023

Notes:
1. FY23 underlying EBITDA excludes ($1.2m) of non-recurring items. Underlying EBITDA has increased 12.1% (CAGR) since FY19.
2. NPAT = net profit after income tax expense. NPAT has increased 18.8% (CAGR) since FY19.
3. Basic EPS, Basic Earnings Per Share based on NPAT up 1.0% based on FY22 Basic EPS. Basic EPS has increased 18.0% (CAGR) since FY19.
4. Excludes 2c special dividend paid in FY22.
5. Net Debt excluding AASB 16 lease liabilities and pre-paid borrowing costs.

MARKET PERFORMANCE

Outperforming Small Ords & All Tech Index



EPS Growth

up 18.0% (CAGR) since FY19

Consistent free cash flow has delivered an improved return to shareholders over the same period

Borrowing Levels

Down $131.5m since FY19

Net Debt effectively zero and ready to responsibly leverage the business to take advantage of growth opportunities

NPAT

47% payout ratio of NPAT in FY23

We are a strong, fiscally responsible and efficient business

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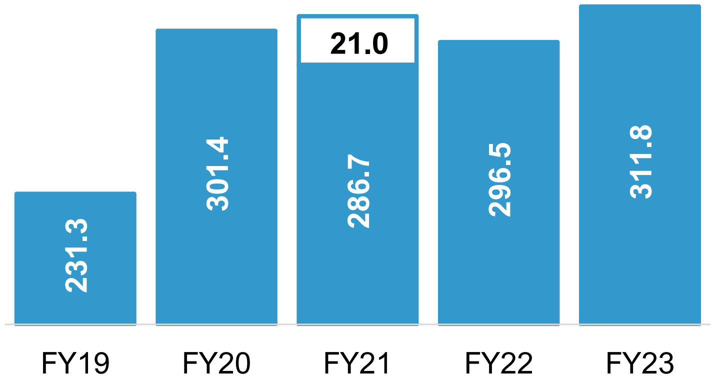
RESULTS DETAIL

Richard English - Chief Financial Officer

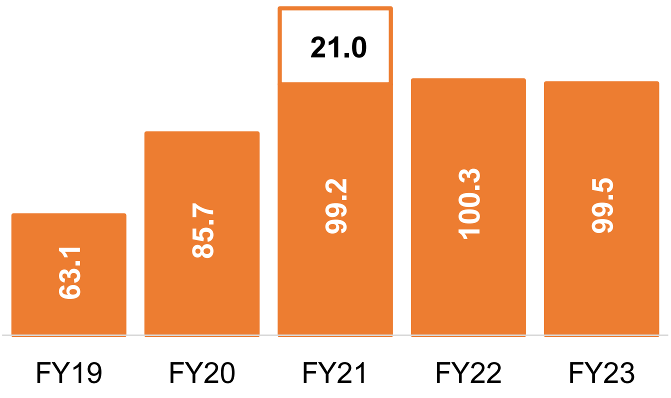
KEY FINANCIAL METRICS

Revenue ($M)



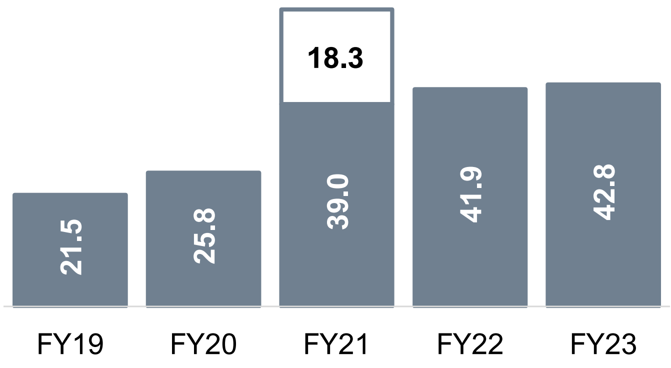
- Revenue of $311.8m up 5.2% on FY22
- Each year ~95% of our revenue is recurring and predictable in nature
- Revenue has increased 7.8% (CAGR) since FY19

Underlying EBITDA[1] ($M)



- Underlying EBITDA has increased 12.1% (CAGR) since FY19
- Our strong FY23 Underlying EBITDA margin of 31.9% reflects the ongoing cash generative nature of the business

NPAT[2] ($M)

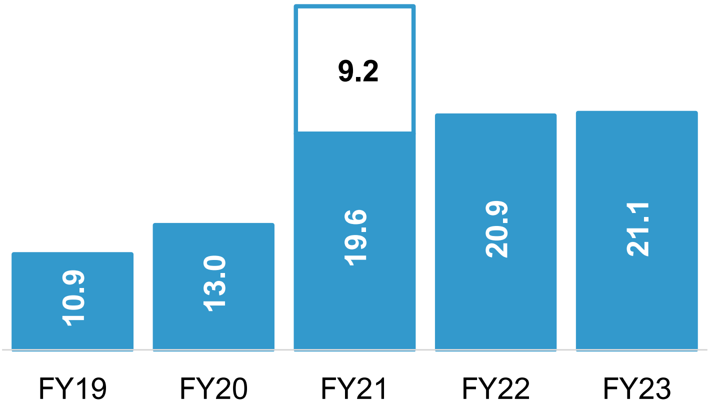


- NPAT of $42.8m up 2.1% on FY22
- NPAT has increased 18.8% (CAGR) since FY19

Notes:
Where applicable, these numbers are presented after adjusting the FY21 impact of the initial Telefonica licence revenue of $21m.
1. FY23 underlying EBITDA excludes ($1.2m) of non-recurring items and the currency impact of $2.7m.
2. NPAT = net profit after income tax expense.

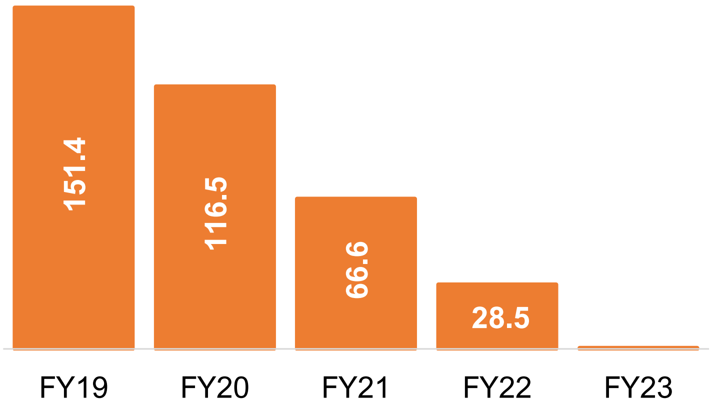
KEY FINANCIAL METRICS

EPS[1] (Cents)



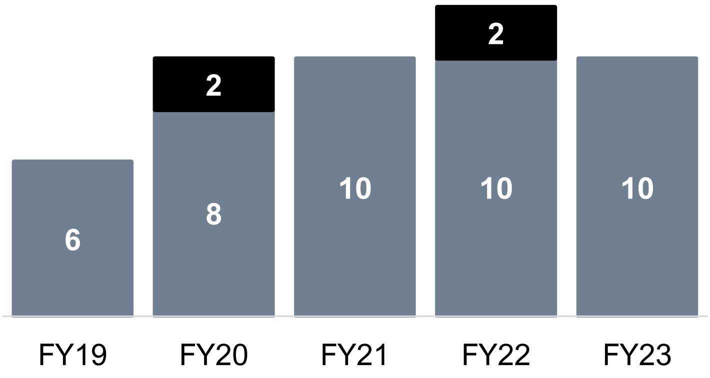
- EPS has increased 18.0% (CAGR) since FY19
- EPS is up 1.0% vs FY22
- Our ability to increase earnings per share is off the back of leveraging our strong balance sheet

Net Debt[2] ($M)



- We are net cash positive from July 2023
- We are well placed for our next acquisition and actively looking for suitable targets
- Cash generation remains the focus of the business

DPS[3] (Cents)



- We have maintained our dividend at $0.05 for 2H23
- With increasing levels of Hansen profit generated offshore our interim dividend will be partially franked
- Our Dividend approach ensures we return funds to our shareholders while allowing sufficient capital in the business for the right acquisition

Notes:
Where applicable and shown these numbers are presented after adjusting the FY21 impact of the initial Telefonica licence revenue of $21m.
1. Basic EPS, based on NPAT: 1.0% increase is based on EPS against prior period.
2. Net Debt excluding AASB 16 lease liabilities and pre-paid borrowing costs.
3. FY20 and FY22 included 2 cent special dividends

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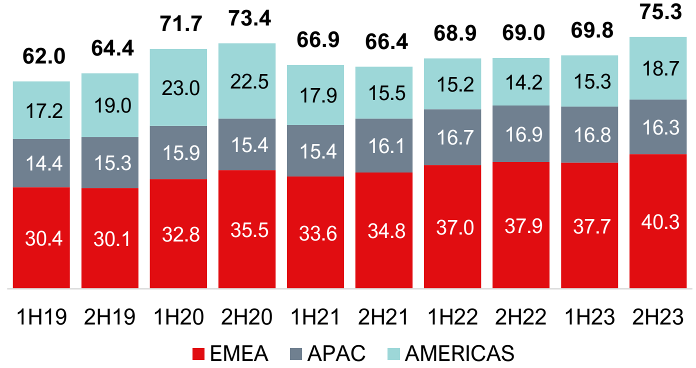
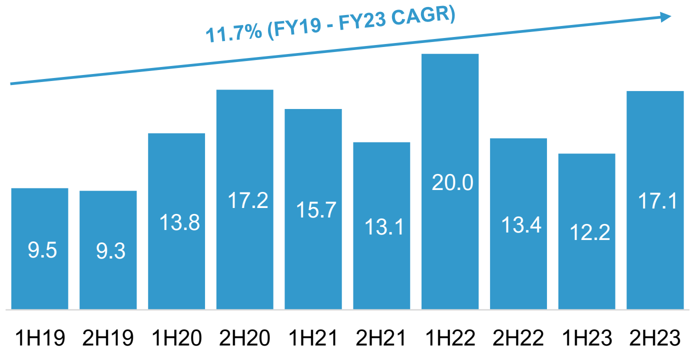
FINANCIAL OVERVIEW

Support and Maintenance Revenue ($M)



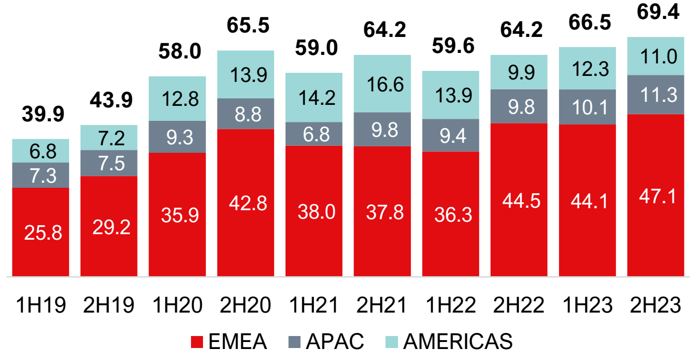
- Highly predictable and repeatable revenue source - ~95% predictable & recurring
- Up 5.2% vs FY22
- CAGR FY19 – FY23 of 3.5%
- Well diversified by geography
- Includes updates and support recognised evenly over the contracted term.

Licence Revenue ($M)



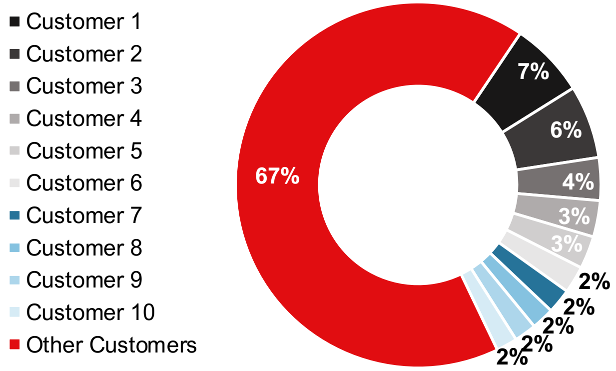
- Predictable revenue impacted by timing of receipts
- CAGR FY19 – FY23 of 11.7%
- We tailor our contracts to suit our customers' needs
- Impacted by IFRS 15 recognition. Certain contracts require upfront recognition for licences.
- Average renewal 3-5 years

Services Revenue ($M)



- Highly predictable and repeatable revenue source - 95% predictable & recurring
- Up 9.8% vs FY22
- CAGR FY19 – FY23 of 12.8%
- Well diversified by geography
- Represents application fees received for configuration, implementation and customisation

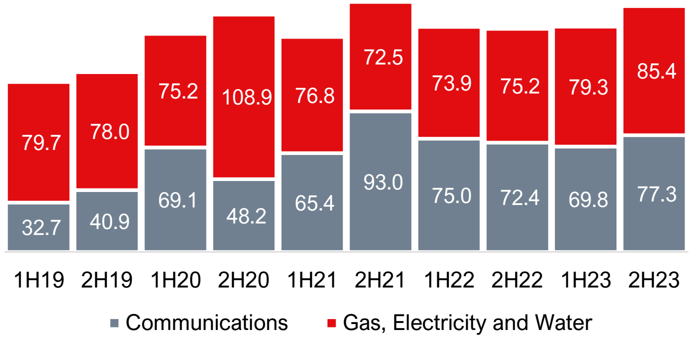
Customer Diversity (FY23 Revenue)



- Well diversified customer base
- No one customer makes up more than 7% of our FY23 revenue
- Customer diversity is consistent across many years

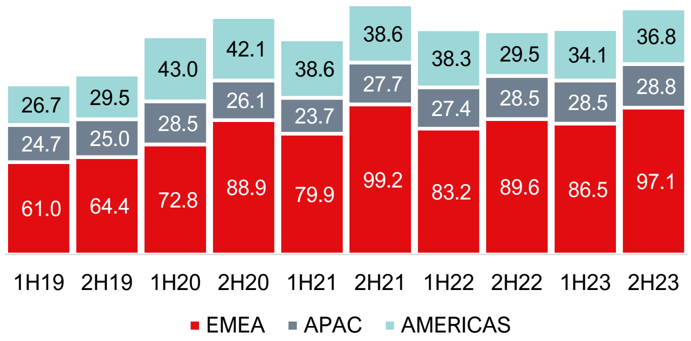
FINANCIAL OVERVIEW

Revenue by Vertical ($M)



- Revenue across verticals remains evenly split
- The move to renewables and self-generated energy has increased demand for our products and services across the Energy sector during FY23
- Increased convergence between Communications and Energy Industries is expected to drive further demand into and beyond FY24

Revenue by Region ($M)



- Our revenue is diverse across geography, currency, product and industry.
- Creates opportunities to leverage our global footprint.
- ~59% of our business in EMEA a key area of focus for our M&A pipeline

Revenue Breakdown ($M)

Type	FY22	FY23	Movement
Support and Maintenance	137.9	145.1	5.2%
Sales, Services and Other Revenue	125.2	137.3	9.7%
Subtotal	**263.1**	**282.4**	**7.3%**
Licence	33.4	29.3	(12.3%)
Total	**296.5**	**311.8**	**5.2%**

- Support and Maintenance revenue, up 5.2% vs FY22, are highly predictable and repeatable revenue streams received for contractual application services
- Sales, Services and Other revenue are up 9.7% vs FY22 and are 95% repeatable and recurring contracted application fees covering upgrades, implementations, change requests and market changes
- Excluding Licence fees total revenue is up 7.3% vs FY22%

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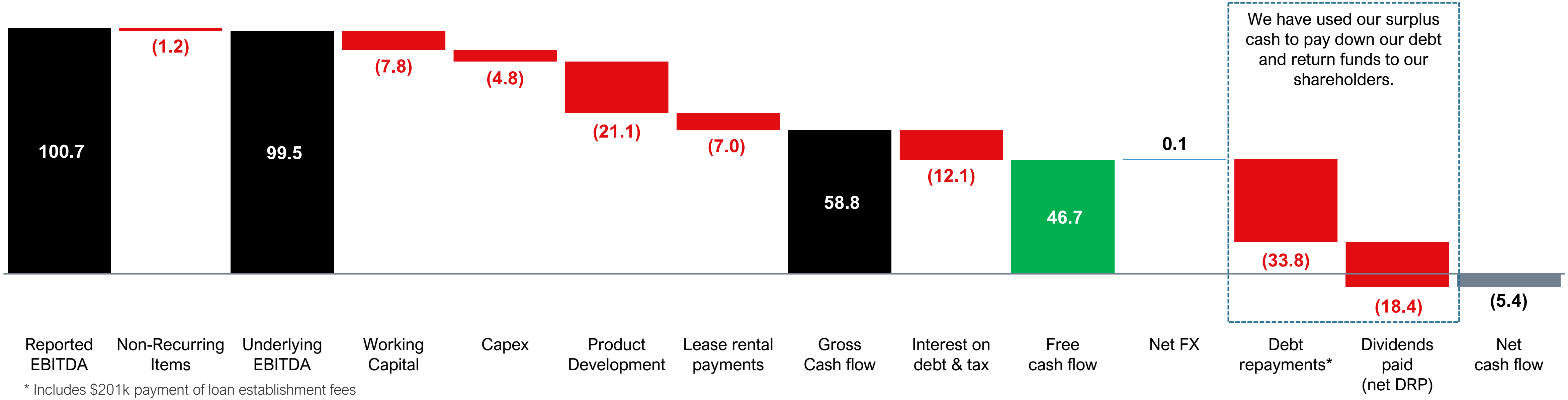
CASH AND CAPITAL MANAGEMENT

Richard English - Chief Financial Officer

CASH FLOW

We're a stable cash-generating business committed to reinvesting for growth and returning funds to our shareholders

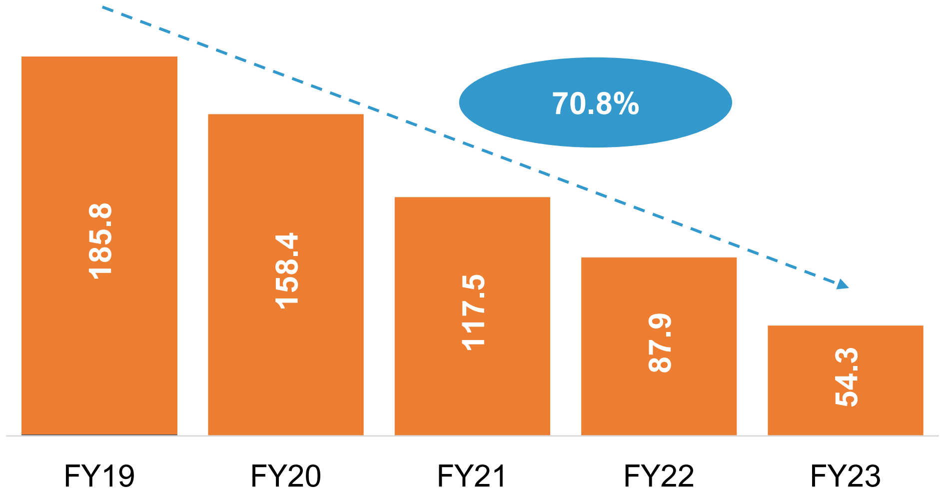


* Includes $201k payment of loan establishment fees

- Since 2019 we have returned approximately $212m to our banks and shareholders.
- We generated Operating Cash Flow of $78.8m and Free Cash Flow of $46.7m during FY23
- Demonstrating our continued investment in our products - we capitalised $21.1m of R&D during FY23
- During FY23 we have paid down a further $33.6m of debt and returned $18.4m to our shareholders
- Hansen is well positioned to invest in the right acquisition opportunity

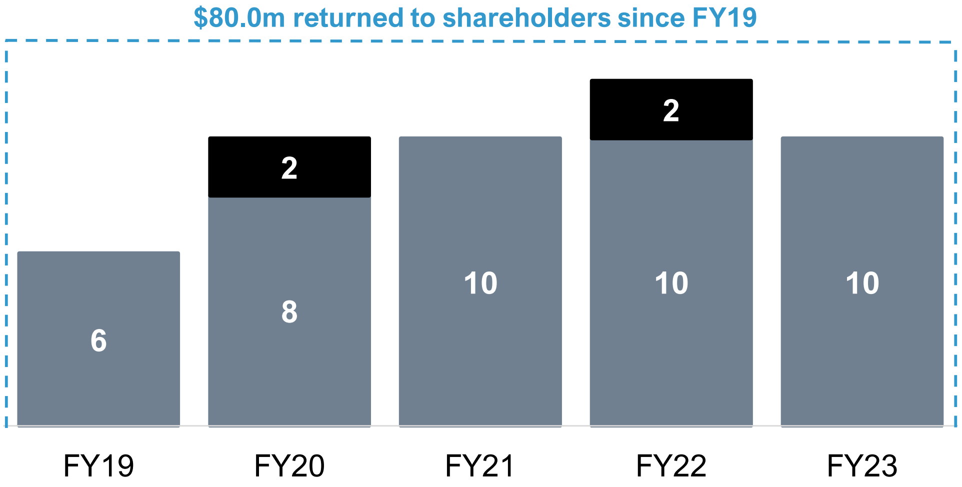
CAPITAL MANAGEMENT

Borrowings ($M)



- Hansen's strong customer focus and our philosophy of treating business decisions with the same level of considerations as if we were making them for ourselves has ensured we maintain our robust cash position
- We have used our strong cash generation to consistently pay down our debts since the last acquisition and reduced our borrowings by $131.5m since FY19
- Our borrowings are now at $54.3m down 70.8% since its peak in 2019

DPS (Cents)



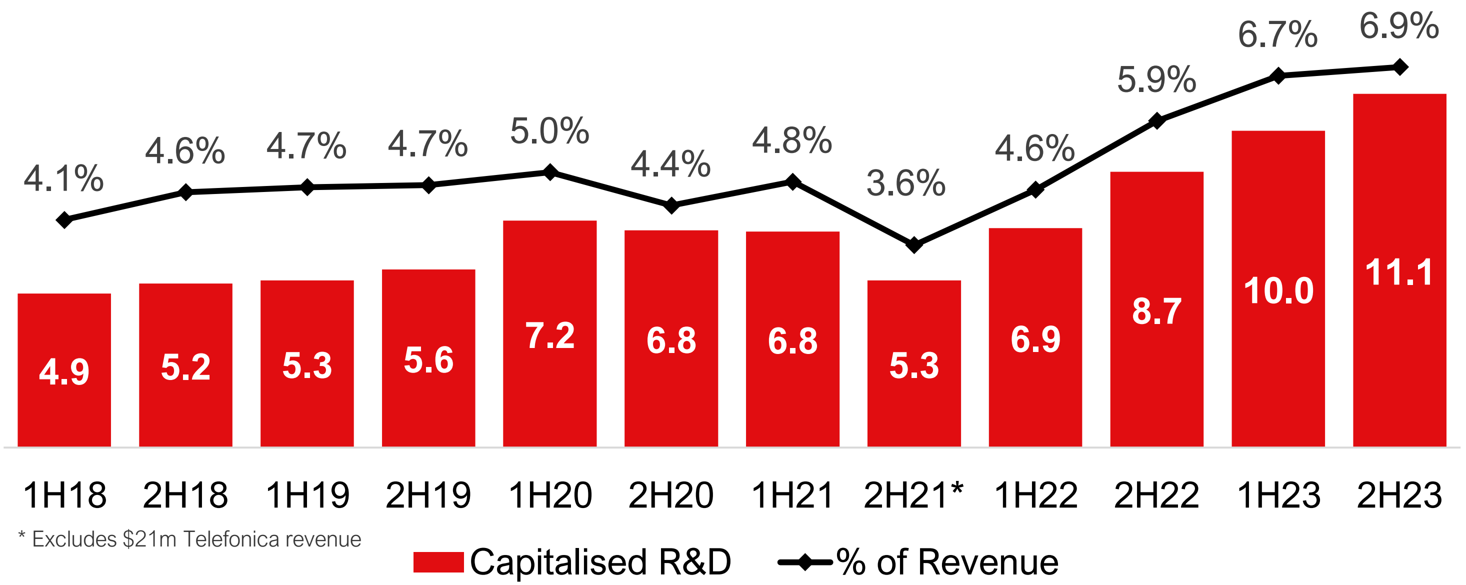
- Our reliable cash flow has enabled the Board to declare a 2H23 dividend of 5.0 cents per share
- With cash assets of $54.3m we retain sufficient cash and leverage to make suitable targeted acquisitions
- We have returned over $80m to our shareholders by way of dividends since FY19

RESEARCH & DEVELOPMENT

Graeme Taylor - Chief Executive Officer

RESEARCH & DEVELOPMENT

Capitalised R&D ($M)



* Excludes $21m Telefonica revenue

- Hansen invests in its products to ensure our clients remain agile, responsive & relevant to their customers
- We prioritise reinvesting in our business. Roadmaps are planned in consultation with Hansen's clients to ensure new releases are rapidly adopted, deliver expected returns and result in continued customer wins and retention
- We continue to invest in a variety of areas including cloud-native, regulatory compliance, B2B and enhanced customer experiences along with the exploration of the opportunities that AI, 5G and IoT bring.
- Our R&D investments underpin both existing and future upgrades
- All R&D must meet significant internal financial hurdles before approved

ARTIFICIAL INTELLIGENCE OUR VIEW

- Innovation is at the heart of our operations and we have been building capabilities to harness AI and machine learning within our business
- We expect to see compounding productivity gains from our utilisation of AI
- Use of AI is not without concerns, and we are actively managing these
- We believe AI will kick start another cycle (similar to digital transformation), where customer demand for & expectation of AI innovation will drive our future R&D focus
- Our depth of industry knowledge & breadth of customer relationships positions us well to benefit from targeted AI enhancements to our business

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M&A UPDATE

Andrew Hansen – Managing Director

Our pipeline of acquisition opportunities is robust

- Hansen has a well-established track record of value accretion through a disciplined and focused aggregation approach
- Economic factors are favourable for acquisitions
- Our focus is on robust and mission critical companies:
  - That have ownership of the IP
  - That provide opportunities for regional expansion or leverage
  - Have complementary applications
  - Or provide potential other verticals, while leveraging our core skills

- Targets range between $30m and $500m for transformative deals
- Third verticals are being considered that complement or leverage our existing capabilities
- We evaluate each opportunity with the same successful approach deployed over twenty years. We take a patient and value accretive approach

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FY24 GUIDANCE

Graeme Taylor - Chief Executive Officer

FY24 GUIDANCE

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ORGANIC REVENUE GROWTH

5-7%

Our year ahead is particularly strong with organic revenue growth reflecting our ongoing investment in our products and our sales and support functions

UNDERLYING EBITDA MARGIN

+30%

We expect our underlying EBITDA margin to remain above 30% and above our pre-pandemic historical run rate of 25-30%

R&D % OF REVENUE

5-7%

We take a customer first approach and manage our R&D carefully, assessing and prioritising all activities based on clearly defined ROI

Q&A

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

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

RECONCILIATION OF UNDERLYING EBITDA AND NPATA

FOR THE YEAR ENDED 30 JUNE 2023

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)[1] - Reconciliation

Profit before income tax expense	54,325	51,040
Add back		
Amortisation expense	33,269	32,144
Depreciation expense	11,031	9,973
Finance costs on borrowings	4,115	3,641
Finance costs on lease liabilities	772	854
Finance income	(110)	(63)
Foreign exchange gains / (losses)	(2,741)	2,358
EBITDA [1]	100,661	99,947
Add back		
Separately disclosed items	(1,159)	306
Underlying EBITDA [2]	99,502	100,253

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

[2] Underlying EBITDA, exclude separately disclosed items, which represent the one-off costs during the period. Further details of the separately disclosed items are outlined in Note 3 to the Financial Report which can be found on the Company's web site.

Underlying net profit after tax before acquired amortisation, net of tax (NPATA[1]) - Reconciliation

Net profit after income tax expense (NPAT)	42,795	41,940
Add		
Tax effect of separately disclosed items	(149)	(93)
Separately disclosed items	(1,159)	306
Underlying net profit after income tax expense for the half-year (Underlying NPAT)[2]	41,487	42,153
Add		
Acquired amortisation, net of tax	14,116	16,010
Underlying net profit after income tax before acquired amortisation, net of tax (Underlying NPATA)[2]	55,603	58,163

[1] Underlying net profit after tax but before acquired amortisation, net of tax or underlying NPATA exclude separately disclosed items, which represent the one-off costs during the period and acquired amortisation, net of tax.

[2] Underlying net profit after tax or underlying NPAT exclude separately disclosed items, which represent the one-off costs during the period.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	2023 $'000	2022 $'000
Cash flows from operating activities		
Receipts from customers	331,672	353,917
Payments to suppliers and employees	(240,116)	(235,627)
Interest received	110	63
Finance costs on borrowings	(3,964)	(2,049)
Finance costs on lease liabilities	(772)	(854)
Income tax paid	(8,108)	(24,219)
Net cash from operating activities	78,822	91,231
Cash flows from investing activities		
Payments for plant, equipment and leasehold improvements	(4,757)	(6,015)
Proceeds from disposal of non-financial assests	-	105
Payment for capitalised development costs	(21,140)	(15,604)
Net cash used in investing activities	(25,897)	(21,514)
Cash flows from financing activities		
Repayment of borrowings	(33,615)	(33,974)
Establishment of loan fees	(201)	-
Repayment of lease liabilities	(6,188)	(5,996)
Dividends paid, net of dividend re-investment	(18,402)	(22,440)
Net cash used in financing activities	(58,407)	(62,410)
Net increase in cash and cash equivalents	(5,482)	7,307
Cash and cash equivalents at beginning of the year	59,631	52,138
Effects of exchange rate changes on cash and cash equivalents	130	186
Cash and cash equivalents at end of the year	54,279	59,631

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