

2021 ANNUAL GENERAL MEETING.

25 November 2021

IMPORTANT NOTICE.

This presentation has been prepared by Hansen Technologies Limited (Hansen).

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
- should be read in conjunction with Hansen's financial reports and market releases on ASX
- includes forward-looking statements about Hansen and the environment in which Hansen operates, which are subject to significant uncertainties and contingencies, many of which are outside the control of Hansen – as such undue reliance should not be placed on any forward-looking statements as actual results or performance may differ materially from these statements
- 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

- FY21 = financial year ended 30 June 2021
- FY22 = financial year ended 30 June 2022
- Reported 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 customer and technology intangibles

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

BOARD OF DIRECTORS AND COMPANY SECRETARY.

SIGNIFICANT SECTOR, COMMERCIAL AND HANSEN EXPERIENCE.



David Trude
Chairman



Andrew Hansen
Managing Director and
Chief Executive Officer



Bruce Adams
Non-Executive Director



David Osborne
Non-Executive Director



Jennifer Douglas
Non-Executive Director



David Howell
Non-Executive Director



Don Rankin
Non-Executive Director



Julia Chand
General Counsel and
Company Secretary

Details of each Director's qualifications, experience and special responsibilities are set out in the 2021 annual report.

AGENDA.

1. Chairman's address
2. CEO presentation
3. Formal business

FY21 FINANCIAL SUMMARY.

ANOTHER YEAR OF RECORD GROWTH FOR HANSEN.

- FY21 was another record year of growth for Hansen, with outstanding performance across all financial metrics:
 - Revenue growth driven by new customer wins and successful project upgrades with our existing customer base.
 - EBITDA margin enhanced by upfront revenue of the Telefonica contract, contributing \$21m in FY21 under IFRS15 revenue recognition.
 - Strong cash conversion with \$70.1m of free cash flow (from \$44.2m in FY20) enabling investment in products and retirement of debt.
- Hansen's ability to generate strong cash flows has translated to a dividend amounting to 5 cents per share, taking total dividends for FY21 to 10.0 cents.
- We continue to focus on profitability and operational leverage as the business grows, in addition to identifying potential M&A opportunities.

Revenue¹

\$307.7m

▲ 2.1% vs FY20

\$325.5m (up 8.1%) on constant currency

Underlying EBITDA²

\$120.2m

▲ 40.3% vs FY20

\$128.1m (up 49.5%) on constant currency

Underlying NPATA³

\$73.1m

▲ 55.9% vs FY20

\$79.2m (up 69.0%) on constant currency

EPS_a

36.7¢

▲ 54.9% vs FY20

39.5¢ (up 66.8%) on constant currency

95% revenue visibility and 97% revenue derived from owned-IP.

Notes: base of exchange rates for constant currency calculations is the average exchange rate for FY20.

1. FY21 revenue was \$307.7m on a reported basis; FY21 revenue was \$325.5m on a constant currency basis; 8.1% gain is on constant currency revenue.

2. 40.3% gain on underlying FY21 EBITDA excluding non-recurring items; EBITDA margin of 39.1% is based on reported figures (underlying EBITDA of \$120.2m / revenue of \$307.7m).

3. Underlying NPATA = Net profit after tax excluding tax effected amortisation of acquired intangibles and non-recurring items; 55.9% gain is on underlying FY21 NPATA excluding non-recurring items of \$0.1m after tax.

CAPITAL MANAGEMENT.

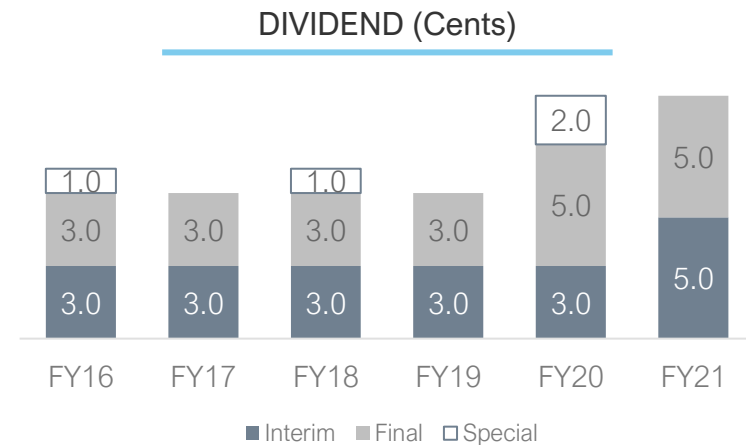
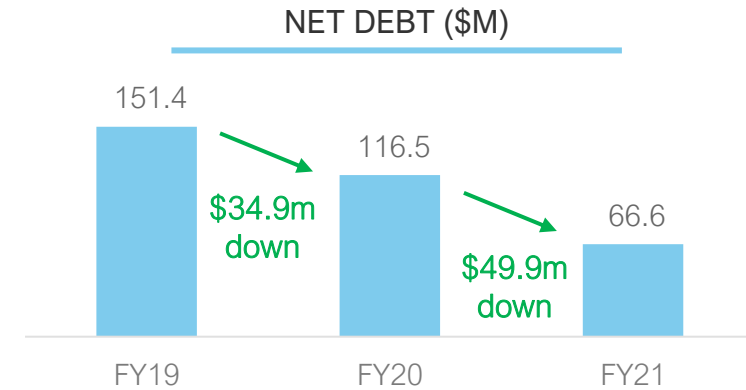
CONTINUING TO PAY STRONG DIVIDENDS AND PAY OFF DEBT FOR THE NEXT STAGE OF GROWTH.

Our position:

- In FY21, net debt was reduced by \$49.9m to \$66.6m.
- Leverage ratio¹ = 0.55x as at 30 June 2021.
- Well supported by banks with new facility negotiated with lower margin interest rates and improved structure.
- Board is comfortable with gearing levels of 3.0x – 3.5x net debt / EBITDA to support value-accretive acquisition growth.

Capital management philosophy:

- Having considered Hansen's capital requirements, strong capital structure and liquidity position, the Board has paid a final dividend of 5.0 cents per share which is appropriate; this is 54% franked and represents a 25% payout ratio² for FY21.
- Level of dividend is at the discretion of the Board subject to available cash and activity being undertaken at the time – as and when acquisition growth opportunities are executed, this dividend may be reduced to allocate capital to our acquisition growth strategy.
- Hansen's strong cash generation means that even with this strong dividend payment we have the cash flows to invest in our products and fund acquisitions.



Leverage ratio¹ to 0.55x as at 30 June 2021; down from 1.46x as at 30 June 2020.

Notes:

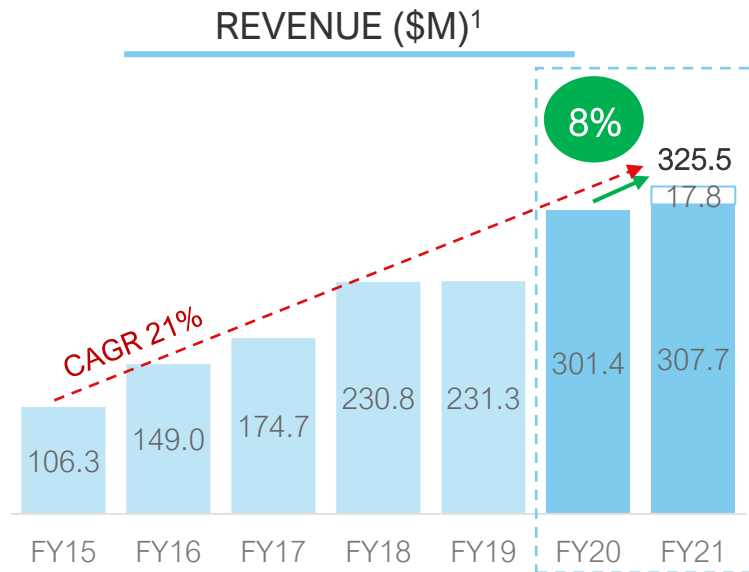
1. Leverage ratio = net debt (including pre-paid borrowing costs) / EBITDA excluding impact of IFRS16 and non-recurring items.
2. Dividend of 10c / underlying constant currency EPSa of 36.7c.

AGENDA.

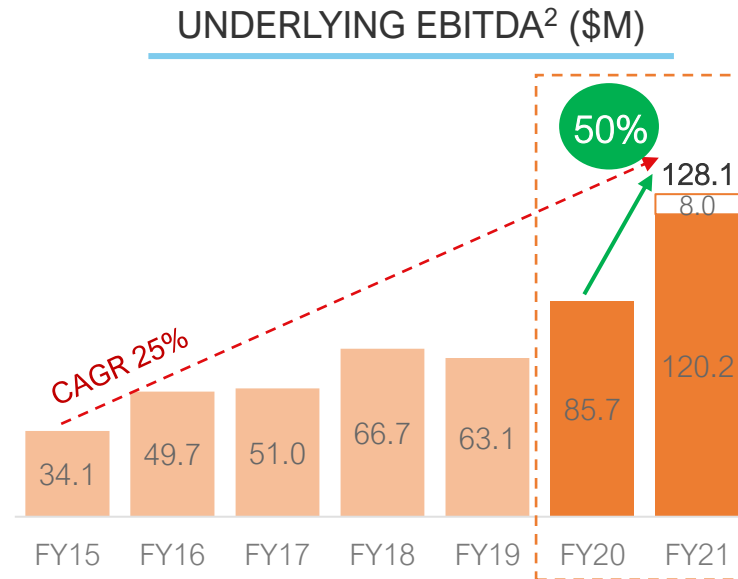
1. Chairman's address
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ANOTHER RECORD SET OF RESULTS.

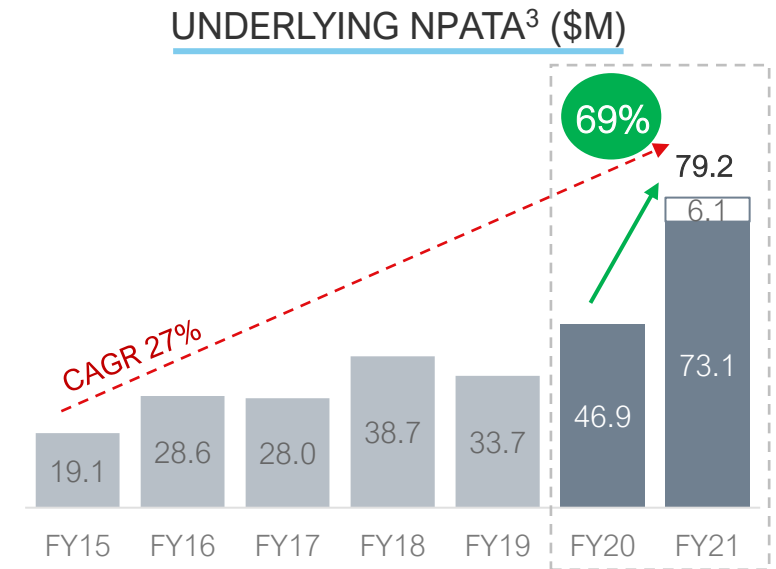
LONG-TERM PROFITABLE GROWTH.



- Strong new logo wins contributing to organic revenue growth of 8.1%.
- Telefonica contract contributing \$21m of revenues in FY21 under IFRS15 revenue recognition.
- Revenues from our owned IP of 97%.



- Underlying EBITDA growth due in part to revenue recognition of Telefonica contract; excluding Telefonica, the margin is 35%; the top of our long-term margin target range.
- Efficiencies from regional management and Indian and Vietnam development centres.



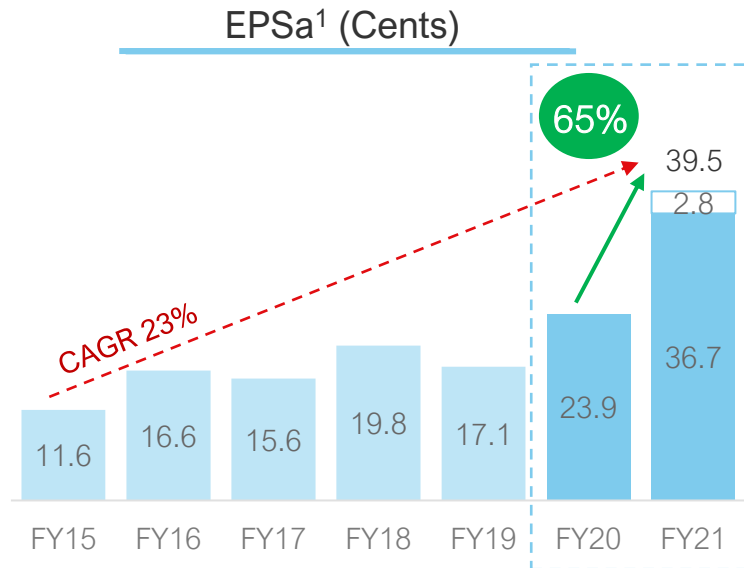
- Completed “Hansenisation” of Sigma and broad cost reductions, margins have been improved.
- Significant pay-down of debt reducing interest cost.

Notes:

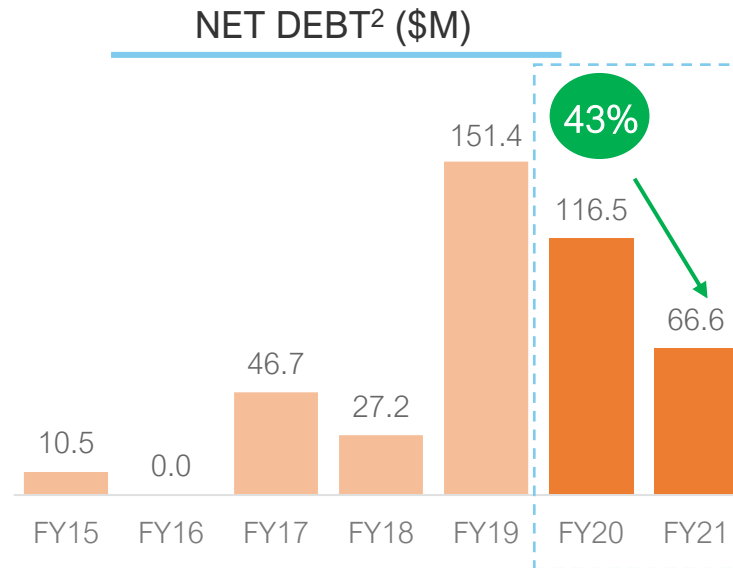
1. Reported revenues of \$307.7m with currency impact of \$17.8m of most recent period shown (base of exchange rates for constant currency calculations is the average exchange rate for FY20).
2. FY21 underlying EBITDA excludes \$3.6m of non-recurring items; currency impact of \$8.0m compared to prior year.
3. Underlying NPATA = net profit after tax excluding tax effected amortisation of acquired intangibles and one-off items; currency impact of \$6.1m of most recent period shown.

ANOTHER RECORD SET OF RESULTS.

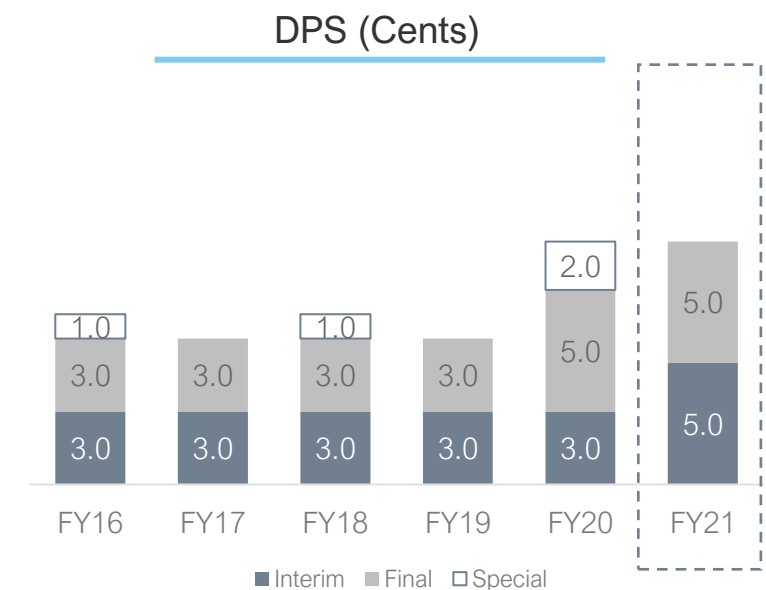
STRONG CAPITAL MANAGEMENT.



- Revenue recognition of Telefonica also flowing down to EPSa, driving a large part of the gains.
- Use of debt to grow EPS by managing cost of capital.
- Group margin expansion driving significant EPS upside.



- Cash flows enabling significant reduction in net debt.
- Strong capital structure and liquidity position supports current dividend strategy.
- Significant headroom (leverage of 0.55x³) for more acquisitions



- Total FY21 dividend of 10.0c an increase of 25% of FY20 base dividend.
- Cash flows ensure continued opportunity for investment in products and new aggregations.

Notes:

1. Adjusted Basic EPS, based on Underlying NPATA; currency impact of \$2.8m of most recent period shown (base of exchange rates for constant currency calculations is the average exchange rate for FY20).
2. Net Debt excluding AASB 16 lease liabilities for FY20 and pre-paid borrowing costs.
3. Leverage ratio = net debt (including pre-paid borrowing costs) / EBITDA excluding impact of IFRS16 and non-recurring items.

KEY ACHIEVEMENTS IN FY21.

1

STRATEGICALLY SIGNIFICANT CONTINUED CUSTOMER WINS

- Customer wins in:

- 5G Telecoms:



- Smart energy:



- Renewables (including solar):



- Expectations of continued regulatory change driving organic growth.

2

SIGNIFICANT TECHNOLOGY AND ORGANISATIONAL INVESTMENT

- **Development centres:** strong recruitment of new developers to deliver future pipeline.
- **Cloud relevance for products:** all our products are available on-prem, SaaS solution, public cloud or Hansen-provided cloud providing ultimate choice for customers.
- **Head of Strategic Growth:** driving key customer relationship development and sales efforts to grow cash generative core.
- **M&A team:** focused team to search and screen for all relevant aggregation opportunities for optimal, value-accretive acquisition growth.

3

STRONG PROFITABILITY AND CASH FLOWS

- Continued positive momentum in EBITDA margins.
- Driven by the continued rationalisation of the Company's cost base driven by the global pandemic, as well as reduced travel.
- Margin enhanced by the revenue recognition of the Telefonica contract, with \$21m recognised upfront.
- "Spend it like it is your own" continues to be the focus as profitability improves.
- Targeting EBITDA margins in excess of 30% over the long-term.

Growth, investment and profitability improvements across the business while positioning for "COVID-normal".

FAVOURABLE INDUSTRY THEMES.

TECHNOLOGY ADVANCEMENTS CHANGING THE WAY BUSINESSES OPERATE.

1

DIGITAL TRANSFORMATION

- Broadening of digital product offerings is driving demand for synergistic bundling.
- Greater focus on customer engagement and retention through personalised experiences.
- Decomposition of big “monolithic” systems into interoperable services hosted on any public or private cloud.
- Shift from traditional software licensing to as-a-service subscription models.

2

ENERGY TRANSFORMATION

- Moving from centralised power generation to distributed renewable energy sources necessitating a smart grid.
- Accelerated rollout of smart meters presenting new business opportunities to monetise the “data-tsunami”.
- Rise in green-tech consumers and “prosumers” (customers who generate & consume).
- Regulatory intervention to shape energy markets for the challenges to come.

3

TELECOM TRANSFORMATION

- Decline of traditional offerings (e.g. telephony, SMS, roaming) and replaced by data intensive OTT services.
- New B2B opportunities generated by 5G rollout – Smart cities, healthcare, manufacturing, etc.
- Embedded connectivity and Internet of Things (IoT) presenting new challenges & opportunities for CSPs.
- Massive investment in replacing legacy hardware with cloud-based software (virtualisation of the network).

Hansen is uniquely positioned to benefit from the industry’s digital transformation.

STRATEGIC CUSTOMER MOMENTUM.

RECENT CUSTOMER WINS ALIGNED WITH KEY INDUSTRY THEMES.

1 CLOUD-NATIVE
TRANSFORMATION

2 MODULAR PRODUCT
ADOPTION

3 SERVICE INNOVATION
& ENABLEMENT

4 POWERING THE
ENERGY TRANSITION

Telefonica

fortum

dish

NautilusSolar

Virgin media

KEMIJOKI

verizon

HAMPSHIRE
POWER

POWER DERIVA

dish

wattn

POSITIVE LONG-TERM OUTLOOK.

REAFFIRMING OUR LONG-TERM GUIDANCE.

FINANCIAL OUTLOOK

- Hansen is not been immune to the global labour shortage and is actively investing to minimise the impact by:
 - 1) Increasing the size of our recruitment team.
 - 2) Increasing the speed to competency for new staff.
 - 3) Establishing new labour centres in strategic geographic locations.
- Notwithstanding, we expect FY22 operating revenue to be marginally improved over FY21 excluding Telefonica.

TECHNOLOGY OUTLOOK

- Driven by our product investment, we are currently experiencing greater adoption of our technology suite.
- Globally, 100% of new customer wins in the past year selected Hansen's latest software versions, of which the majority adopted our SaaS and/or cloud offering.
- In APAC, c. 55% of existing customer renewals in the past year upgraded to Hansen's latest software versions, of which c. 67% adopted our SaaS and/or cloud offering.
- Long-term average customer churn maintained at <3%.

We remain confident in achieving our FY25 financial target of \$500m of revenue and EBITDA margin exceeding 30%.

AGENDA.

1. Chairman's address
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CONSIDERATION OF ACCOUNTS AND REPORTS.

- To table the financial report of the Company and its controlled entities and the related reports of the Directors and Auditors for the year ended 30 June 2021 and to provide members with the opportunity to raise any issues or ask any questions generally of the Directors.
 - Shareholders may ask questions and make comments on the operations and management with regard to the Reports.
 - Shareholders may also ask the representatives of the Company's Auditor (RSM Australia Partners) questions about the content and conduct of the audit.

RESOLUTION 1.

ADOPTION OF DIRECTOR'S REMUNERATION REPORT.

- In accordance with the requirements of the Corporations Act, adopt the Remuneration Report for the year ended 30 June 2021 as it appears in the Directors' Report within the Annual Report 2021.

Proxy votes received

FOR	OPEN ¹	AGAINST	ABSTAIN
95,525,179	676,999	6,015,734	539,724
93.45%	0.66%	5.89%	

Note:

1. Open votes in favour of the Chairman will be voted in favour of the resolution.

RESOLUTION 2.

RE-ELECTION OF MR DAVID OSBORNE

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution: That Mr David Osborne, a Director retiring in accordance with the Company's Constitution and being eligible and having signified his candidature for Office, be and is hereby re-elected a Director of the Company.

Proxy votes received

FOR	OPEN ¹	AGAINST	ABSTAIN
124,098,779	791,499	14,233,329	466,854
89.21%	0.57%	10.22%	

Note:

1. Open votes in favour of the Chairman will be voted in favour of the resolution.

RESOLUTION 3.

GRANT OF PERFORMANCE RIGHTS TO CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR MR ANDREW HANSEN FOR FINANCIAL YEAR ENDING 30 JUNE 2022

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution: That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 111,785 Performance Rights to Mr Andrew Hansen under the Hansen Technologies Employee Performance Rights Plan on the terms and conditions set out in the Explanatory Notes.

Proxy votes received

FOR	OPEN ¹	AGAINST	ABSTAIN
94,630,139	659,860	8,758,054	482,877
90.95%	0.63%	8.42%	

Note:

1. Open votes in favour of the Chairman will be voted in favour of the resolution.

RESOLUTION 4.

NON-EXECUTIVE DIRECTORS' REMUNERATION

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution: That for the purposes of Listing Rule 10.17 the maximum aggregate amount of remuneration to be paid to all non-executive Directors in any financial year be increased from \$630,000 to \$750,000 per annum.

Proxy votes received

FOR	OPEN ¹	AGAINST	ABSTAIN
102,674,578	673,749	343,316	682,929
99.02%	0.65%	0.33%	

Note:

1. Open votes in favour of the Chairman will be voted in favour of the resolution.

Q&A



THANK YOU





HANSEN
POWER THE NEXT.™