2021

Annual Report

technologyone

Transforming business, making life simple

SaaS Annual Recurring Revenue

SaaS Annual Recurring Revenue up 43%

Reported Profit Before Tax

Profit Before Tax up 19%

Revenue from SaaS & Continuing Business

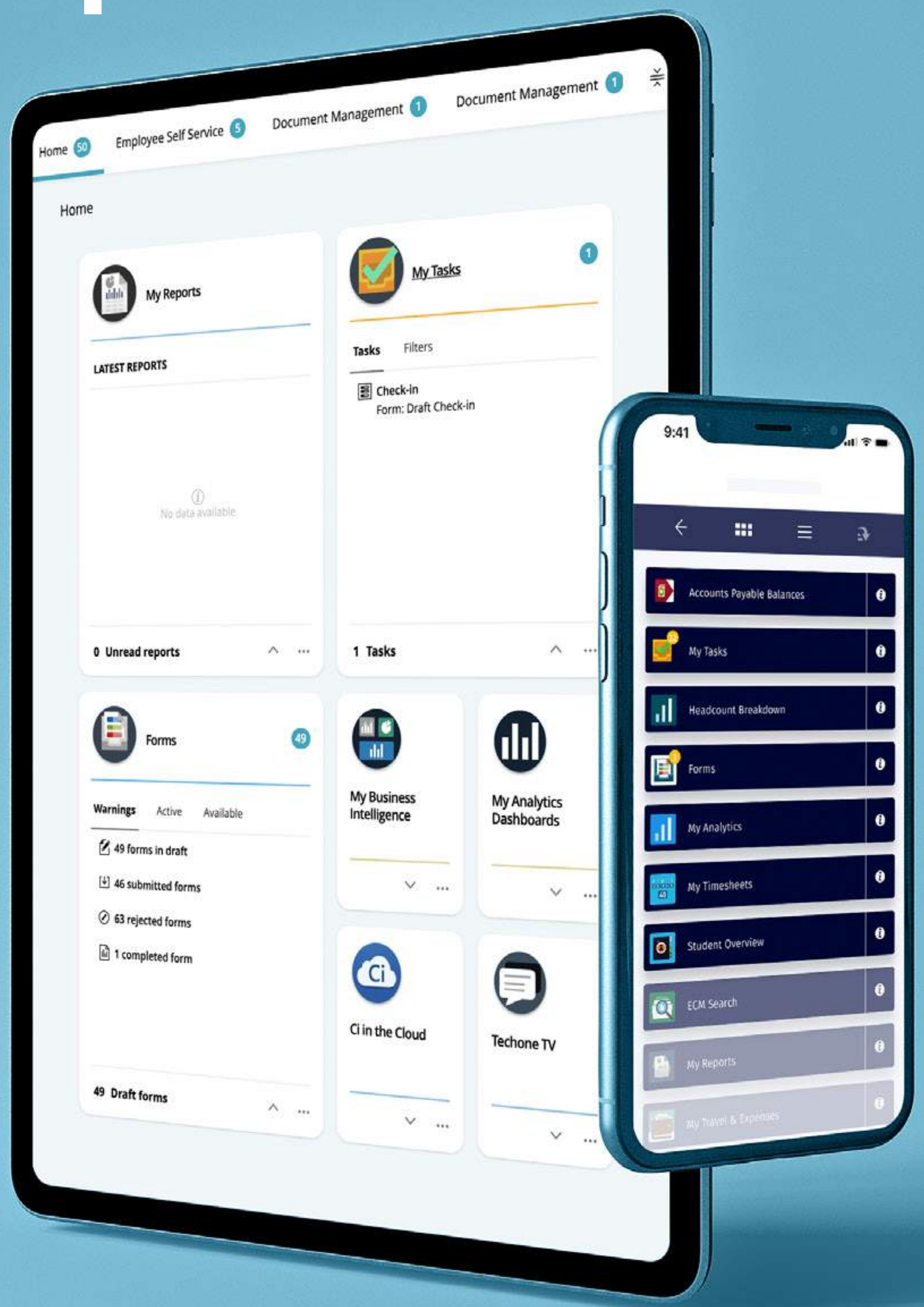
Revenue from SaaS & Continuing Business up 9%

Profit Before Tax margin

Profit Before Tax margin 31%

These graphs should be read in conjunction with the Financial highlights table on p.13

Transforming business, making life simple



What's inside

Our History

1987
Adrian Di Marco founded TechnologyOne in a demountable office at a hide processing plant in an industrial suburb of Brisbane. We were one of the first tech start ups in Australia. Back then, there was no venture capital or private equity, so one of Adrian's previous customers, the Mactaggart Family, provided the funding.

The idea was to build a new generation of software where the source code did not need to be customised for each customer, which was then the common practice. The software could be configured for each customer and the configuration sat outside the software. Because all customers used the same software we could then ship new releases every year, with new features and functionality.

1988
Adrian knew that using technology to get a competitive advantage would be the number one factor in our success, so he named the company TechnologyOne. TechnologyOne was one of the earliest developers in the world to use relational database technology.

1991
TechnologyOne released its first product, called FinanceOne, using the Oracle relational database technology (RDBMS).

1993
TechnologyOne made the decision to shift away from Oracle's RDBMS, to become database-independent. That same year, TechnologyOne pivoted from being Best of Breed to become one of the first ERP vendors. TechnologyOne's enterprise vision became a key differentiator, allowing it to deliver a single, integrated enterprise solution, built on a single modern platform, with a consistent look and feel.

1995
TechnologyOne software was voted No 1 Software for Financial Management and Accounting by a survey of 3000 CFOs by MIS magazine. TechnologyOne repeated this win, three years in a row. TechnologyOne broke away from the industry "reseller model" and adopted our unique Power of One model, taking responsibility to build, market, sell, implement and support its software.

1996
With the rise of PCs, TechnologyOne became an early adopter of PCs for enterprise systems, rebuilding its suite of products in a new and emerging technology called client/server. That same year, FinanceOne for Windows was released.

1998
TechnologyOne broke away from the approach taken by global ERP vendors like Oracle and SAP of focusing on all markets, and focused on 6 vertical markets: Education, Local Government, Government, Health & Community Services, Asset & Project Intensive & Corporate & Financial Services. This allowed us to build deep functionality out of the box for these markets, to create a significant competitive advantage.

1999
TechnologyOne floated on the Australian Securities Exchange (ASX) in 1999. TechnologyOne was one of the first IT companies to become publicly listed and one of the most successful listings in 1999.

2002
TechnologyOne acquired Proclaim Pty Ltd, for its Property & Rating product extending TechnologyOne's Local Government enterprise solution.

2003
With the emergence of the internet, TechnlogyOne became an early adopter, rebuilding our entire ERP system for the internet. TechnologyOne Ci (Connected Intelligence), was released.

2006
TechnologyOne released preconfigured solutions for each of our key vertical markets dramatically reducing the time, cost and risks associated with implementing its ERP software.

2012
With the emergence of the cloud, TechnologyOne became an early adopter of the cloud for enterprise software, re-architecting our ERP system. We deliver a multi-tenanted global ERP SaaS system, providing huge economies of scale enabling us to take full responsibility for our customers - building, implementing and running our software for them. Our customers are able to easily and seamlessly move from on premise to cloud.

2014
TechnologyOne SaaS was released. With the emergence of mobile devices, TechnologyOne rebuilt our ERP systems to provide any device, anywhere and any time access. 100% of TechnologyOne ERP functionality is available across all devices including mobile phones. The new product Ci Anywhere was released in 2014.

In the same year, TechnologyOne hit $1 billion market capitalisation and entered the ASX 200 Index.

2015
TechnologyOne makes three acquisitions: ICON Software, Digital Mapping Solutions and Jeff Roorda & Associates. The acquisitions broadened the breadth and depth of TechnologyOne's enterprise solutions, adding planning, spatial and strategic asset management functionality to our suite of products for Local Government and Higher Education markets.

In the same year, Adrian Di Marco was listed on SmartCompany's top 10 most influential people in the Australian IT industry, inducted into the Pearcey Hall of Fame, and named as 2015's top 10 CEOs by AFR Boss magazine.

2017
TechnologyOne launched the TechnologyOne Foundation, committing to raise 500,000 children and their families out of poverty. TechnologyOne also commited to the 1% Pledge – committing 1% of profit, staff time and products to its Foundation.

2021
TechnologyOne made its first international acquisition, Scientia, as part of our strategic focus to deliver the deepest functionality for higher education becoming the only ERP provider in the world to offer this solution to the higher education market, as part of a full enterprise suite.

In the years since TechnologyOne was formed, the IT industry has changed dramatically. We have rebuilt the company and our products with each new generation of technology, taking us through four generations of product.

Our success is in making life simple for our customers.

At a glance

Our finances

UP 43%

SaaS ARR $192.3M

$77M

R&D investment up 13% (24% of revenue)

UP 8%

Dividend of 13.91cps

UP 14%

$142.9M Cash and cash equivalents

UP 19%

$97.8M Profit Before Tax

$293.6M revenue from SaaS & continuing business

UP 9%

UP 34%

$190.2M Net assets

12 YEARS

Continued record profit

31%

Profit Before Tax Margin

UP 16%

$257.5M Total ARR

$1.6M

UK profit

UP 14%

Consulting Profit Before Tax

$500M ARR

on track by 2026

Our vision

As the only company offering a true global Software as a Service (SaaS) ERP solution across the entire enterprise, we are transforming business and making life simple.

Our difference

We are the only vendor that develops, sells, implements, supports and runs a fully integrated suite of enterprise software solutions. Our global SaaS ERP solutions span the entire enterprise and allow our customers to embrace the digital revolution and an exciting new world of possibilities in a cloud-first, mobile-first world.

Our reach

TechnologyOne has a global presence throughout Australia, New Zealand, Asia and the United Kingdom.

Our culture

At TechnologyOne, we believe in a culture of innovation, creativity and collaboration and have created an environment that allows our people to thrive. This culture is built into the fabric of our business, driving high performance and underpinning our success.

Our international team is made up of more than 1,200 passionate individuals. We believe in investing in our people, and we do this with a wide range of initiatives such as O Week, One Talks, MARVEL awards and leadership courses.

Compelling Customer experience

We continue to recognise that our customers are our compass for the decisions we make, the people we employ and the processes we create. This is why we continue to invest in our Compelling Customer Experience (CCE) program, which provides our people with ongoing development and support in delivering outstanding customer experiences.

To foster a customer-oriented culture, we developed the Compelling Customer Experience program. The program supports and encourages our team members so that they can deliver outstanding customer service every day.

Providing a compelling customer experience is fundamental to the way TechnologyOne does business and positions us well to attract customers away from our competitors.

Our market-leading solutions and products

As the leading supplier of enterprise software solutions for more than 1,200 large-scale companies, and with more than 30 years' success in the business, we have developed a deep understanding of our key markets.

We offer our customers a range of industry-leading preconfigured enterprise solutions. Our solutions streamline implementations, reducing time, cost and risk for customers. We also offer a comprehensive suite of enterprise software products.

Our Markets

- Local Government
- Education
- Federal Government
- Health and Community Services
- Asset and Project Intensive industries
- Corporates and Financial Services

Our preconfigured solutions

- OneCouncil
- OneEducation
- OneGovernment
- OneCare
- OneAsset
- OneCorporate

Our products

- Corporate Performance Management
- Enterprise Content Management
- Human Resources & Payroll
- Spatial
- Supply Chain Management
- Strategic Asset Management
- Enterprise Cash Receipting
- Enterprise Asset Management
- Financials
- Property & Rating
- Student Management
- Business Analytics
- Enterprise Budgeting
- Performance Planning
- Timetabling and Scheduling (Syllabus Plus)

Our research & development

We continue to focus our Research & Development (R&D) efforts on new and emerging technologies, including cloud-based technologies, artificial intelligence, machine learning and other innovations. Our Australian-owned commercial R&D centre is the largest of its kind, with offshoot facilities in Indonesia and Vietnam.

New ideas, new concepts

We are committed to a continuous cycle of redeveloping our software platform from the ground up. This process leaves no line of code untouched and ensures that we are free to embrace new ideas, concepts and technologies—rather than needing to retain legacy systems. Over the past 30 years we have completely redeveloped our software platform four times.

Financial highlights

	2021 $'000s	2020 $'000s	Growth on last year	15-year compound growth	2019 $'000s	2018** $'000s	2017 $'000s	2016 $'000s	2015 $'000s	2014 $'000s	2013 $'000s	2012 $'000s
					Reported	Comparable	Reported					
SaaS & Continuing Business	293,553	269,774	9%		241,790	221,046	231,151	192,657	175,279	140,024	128,226	117,567
Total revenue	312,012	299,018	4%	10%	286,164	254,491	273,253	249,018	218,724	195,124	180,591	169,070
Annual Recurring revenue (ARR)[1]	257,495	221,908	16%		202,480	173,912	153,896	126,996	108,853	-	-	-
SaaS ARR[1]	192,295	134,557	43%		101,677	70,372	50,701	24,486	14,265	-	-	-
R&D Investment	77,005	68,062	13%	13%	60,124	54,042	49,856	46,009	41,038	37,873	35,595	33,524
Underlying Profit Before Tax[2]	97,843	86,070	14%	12%	76,389	50,807	58,019	53,240	46,494	40,235	35,097	30,324
Net Profit Before Tax	97,844	82,470	19%	12%	76,389	50,807	58,019	53,240	46,494	40,235	35,097	30,324
Net Profit After Tax	72,691	62,945	15%	12%	58,459	47,681	44,494	41,344	35,785	30,967	26,984	23,559
Earnings Per Share (Cents)	22.64	19.75	15%		18.43	15.10	14.18	13.26	11.57	10.06	8.78	7.73
Total Dividends (cents per share)	13.91	12.88	8%	10%	11.93	11.02	10.20	9.45	8.78	8.16	5.60	5.09
Dividend Payout ratio	62%	65%			65%	73%	72%	72%	76%	81%	64%	66%
Return on Equity	38%	44%			55%	46%	28%	31%	30%	30%	31%	32%
Cash and Cash equivalents	142,853	125,244	14%	12%	105,046	104,322	93,383	82,588	75,536	80,209	65,397	51,133
Net Assets	190,234	142,168	34%	11%	106,857	103,480	157,520	138,494	117,940	104,499	87,736	73,997

The table above shows previously reported results to FY17. Results for those years have not been restated for AASB15.

*Before capitalisation.

**2018 Comparable applies AASB15. It also assumes non-IFRS pro forma capitalisation of R&D costs (50%) for the FY18 year and is unaudited. As a SaaS company, R&D costs are capitalised from FY19 onwards, which is the common practice of our SaaS peers. We measure our performance using the comparable method because it is a better reflection of the performance of our business, setting a higher bar for the prior comparable period (FY18) than the statutory reporting. It allows for a 'like for like' comparison of the performance of the business, assuming R&D costs (50%) were capitalised in FY18. This is the basis used for all comparable reporting throughout this document.

[1]ARR is not an IFRS measure and is unaudited, it represents future contracted annual revenue at year end.

[2]Underlying profit excludes impact of once-off increased provision for a civil employment matter of $3.6m.

Letter to shareholders

Letter to shareholders

On behalf of Technology One Limited (TechnologyOne) we are pleased to announce our twelfth consecutive year of record profit, record revenues, and record SaaS fees.

Our global SaaS ERP solution is transforming our customers' business and makes life simple for them.

Highlights for the Year

- **Profit Before Tax up 19%** - Our Profit Before Tax was up 19%, which was at the top end of guidance, underpinned by the continuing fast growth of the TechnologyOne global SaaS ERP solution.
- **TechnologyOne SaaS ARR up 43% organically** - The TechnologyOne global SaaS ERP solution is growing rapidly, with SaaS annual recurring revenue (ARR) of $192.3m, up 43%.
- **End of on-premise business by October 2024** - During the year we achieved a watershed milestone and announced the end of our on-premise business by October 2024, which will further drive our SaaS business.
- **$500m+ ARR by FY26** - With our fast-growing SaaS business and the announcement of the end of our on-premise business, we are on track to hit our target of $500m+ ARR by FY26. Given the current ARR is $257.5m, this is an additional $242.5m of Annual Recurring Revenue in the next five years.
- **Revenue from SaaS & Continuing Business was up 9%** - This is our future state business. By FY24 we expect our total business to be growing by 15+% per annum.

These points are discussed later in more detail.

Results summary

Key results were as follows:

- Profit Before Tax of $97.8m, up 19%[1]
- Revenue from our SaaS and Continuing Business of $293.6m, up 9%
- SaaS Annual Recurring Revenue (ARR)[2,5] of $192.3m, up 43%
- Total Annual Recurring Revenue (ARR)[2,5] of $257.5m, up 16%
- Total Revenue[3] of $312.0m, up 4%
- Expenses of $214.2m, down 1%
- Cash Flow Generation[4,5] of $63.9m, up 12%
- Cash and Cash Equivalents of $142.9m, up 14%
- Total Dividend of 13.91cps, up 8%
- R&D investment[5] of $77.0m before capitalisation, up 13%, which is 24% of revenue

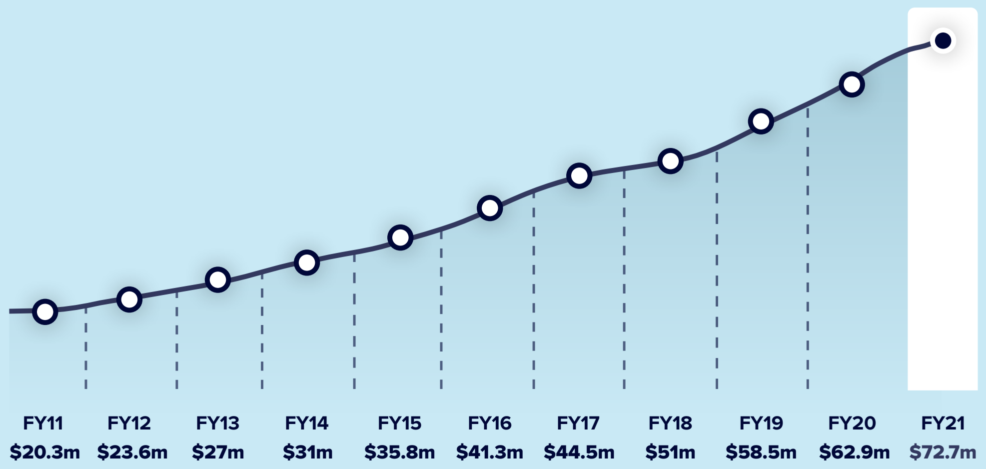
[1] Profit Before Tax of $97.8m was up 14% on FY20 Underlying Profit Before Tax
[2] ARR represents future contracted annual revenue at year end.
[3] Includes other income of $0.7m
[4] Cash Flow Generation is cash flow from operating activities less capitalised development costs, capitalised commission costs and lease payments.
[5] This is a non-IFRS financial measure and is unaudited

Continuing strong performance

TechnologyOne has consistently delivered strong results since listing on the ASX in 1999. Our ability to deliver these results for 20+ years is due to our clear vision, strategy, culture and our significant investment in R&D. This is discussed in more detail in Our Strategy section on page 29.

We see continuing strong growth in the future and expect to double in size again in the next five years.

NPAT up 15%



Reported Net Profit After tax

TechnologyOne SaaS ARR grows 43% organically

The TechnologyOne global SaaS ERP solution is growing rapidly, with SaaS ARR of $192.3m, up 43%. This growth is all organic and includes no acquisitions.

We added approximately 100 enterprise customers this year to our global SaaS ERP solution and we now have 637 large scale enterprise customers, with hundreds of thousands of users; making it the largest single instance SaaS ERP offering in Australia.

Our global SaaS ERP solution is delivering a compelling value proposition for our customers providing them any device, any time access from anywhere around the globe, as well as a simple and cost-effective way to run their enterprise. This is allowing our customers to innovate and meet the challenges ahead with greater agility and speed, without having to worry about underlying technologies. We take care of all of this, making life simple for them. This is discussed in more detail in the global SaaS ERP section on page 23.

This year we continued to win new, large enterprise customers from our competitors. 30+ organisations replaced our competitors' systems, including systems from Oracle, SAP, Microsoft, Tribal and Workday.

TechnologyOne continued to dominate in the Local Government sector, where we closed 20 major deals with $25m+ in total contract value. We have more than 300 council customers in APAC.

In the Higher Education sector, we closed 10 major deals with $30m+ in total contract value, cementing our position as the dominant provider to the APAC Higher Education sector.

SaaS Annual Recurring Revenue

End of on premise

During the year we announced the end of our on-premise business by October 2024. This watershed milestone gives our remaining on-premise customers ample time to make the transition to our global SaaS ERP solution. TechnologyOne has made the transition to our SaaS solution for our on-premise customers simple and seamless. They can move to SaaS in weeks, not years like those using our competitors' products. We expect 90%+ of all our remaining on-premise customers to move to our SaaS solution, driving the growth of our SaaS business.

By transitioning to SaaS, our on-premise customers will unlock the significant benefits that our SaaS customers already receive including:

- Two releases automatically available each year providing new functionality
- Eight active data centres
- Defence in depth security with the highest levels of cyber security certification
- Always on the latest release
- Always on the latest technology
- All products and modules available, so that our customers can take on additional products without friction
- Save 30%+ on their total cost of ownership

From here, they can easily move to our next generation product, Ci Anywhere (CiA) and take advantage of new technologies, such as Artificial Intelligence and our new Digital Experience Platform (DXP), which we are in the process of developing.

On track to hit $500m+ ARR by FY26

Our SaaS business continues to grow quickly. The quality of this revenue stream is exceptionally high, given its recurring contractual nature, combined with our very low churn rate of ~1%.

Combined with our announcement of the end of our on-premise business, this is driving our Annual Recurring Revenue growth.

Our Total ARR is $257.5m, up 16%. We are on track to hit our target of $500m+ ARR by FY26. Given the current ARR is $257.5m, this is an additional $242.5m of annual recurring revenue in the next Five Years.

Our ARR stands at 90% of Total Revenue[1] which means the majority of our revenue is locked in at the start of the financial year. This positions us well to achieve strong continuing growth in the new year.

Our future state business is expected to grow at 15%+ per annum in the next few years, with the cessation of our on-premise business

Total Revenue was up 4%, but this is not a true indication of our growth, as it includes our legacy licence business, which we are aggressively reducing as we grow our SaaS business.

As planned, our legacy licence business was down 38% ($10.8m), as we continue to build our SaaS business and walk away from traditional on-premise licences.

If we remove the legacy licence business from both FY21 and FY20, our Revenue from SaaS and Continuing Business, which is a key measure of the strength of our business, has grown 9%.

We expect by FY24 our Total Revenue will be growing by 15%+ per annum with the cessation of our on-premise business.

UK delivers Profit Before Tax of $1.6m, versus breakeven in the prior year

The UK regionalisation of our global SaaS ERP solution is nearing completion, and we have seen our UK business continue to grow, with SaaS ARR of $9.0m up 20%. We delivered a profit of $1.6 million versus a breakeven result last year and we see significant opportunities in the coming years.

Consulting Profit Before Tax of $15.6m, up 14%

Our Consulting division delivered Profit Before Tax of $15.6 million, up 14% through continued improvement in culture, systems and processes, and disciplined use of our Solution Implementation Methodology. The turnaround of the UK Consulting division continued during the year, with efficiency improving to deliver a profit of $1m versus a breakeven result last year. The total Consulting division's Profit Before Tax margin has improved from 7% in 2017 to 24% in 2021. Our Application Managed Services business for existing customers is moving to recurring revenue, with $19.7million now locked in as recurring revenue[2].

Investment in R&D up 13%

TechnologyOne invested $77.0 million in R&D this year, up 13%. This was significantly higher than our normal benchmark of R&D growth of 8%, as we took the opportunity to accelerate R&D into a number of new and exciting areas.

We continued to invest in new, exciting ideas and innovations, including our new Digital Experience Platform (DXP) for Local Government and Higher Education. The first phase of our Local Government DXP was shipped in 2021. Customer feedback has been excellent and our DXP will set the new standard for ERP.

This year we elevated our Federal Government customers to a new cyber security level, as we delivered our global SaaS ERP solution with IRAP PROTECTED certification. We continue to invest millions of dollars and set the bar higher each year as we deliver the most trusted SaaS solution to our customers. It is not feasible for individual organisations to keep up with increasing costs and complexity of cyber security unless they have adopted a SaaS-first strategy.

Our R&D is also focused on extending the functionality and capabilities of our global SaaS ERP solution.

Our R&D program continues to be at the leading edge of our industry, as we embrace new technologies, new concepts and new paradigms.

We expect R&D growth over the next few years to return back to the benchmark growth of 8% or less.

[1] Excludes consulting revenue as it flows from business wins and is based on opening ARR of $221.9m.
[2] Not included in our Total ARR.

Acquisition of Scientia

In September, we acquired Scientia Resource Management Limited (Scientia), a United Kingdom company servicing the higher education sector. The impact on our FY21 profit was insignificant.

This acquisition forms part of our strategic focus to deliver the deepest functionality for Higher Education and it will accelerate our growth and competitive position in the UK, as well as have significant benefits in the Australian Higher Education market.

Scientia's market-leading product, Syllabus Plus, provides mission critical advanced academic timetabling and resource scheduling for over 150 leading universities across the United Kingdom and Australia.

The acquisition further expands our global SaaS ERP solution for Higher Education. The integration of Scientia's advanced academic timetabling and resource scheduling capabilities, combined with our market-leading Student Management, HR & Payroll, Enterprise Asset Management and Finance capabilities, will provide smarter decision-making for customers, eliminating underutilisation of space and resources that is paramount for Higher Education across the globe in a post-COVID world.

This is our first international acquisition and demonstrates our deep commitment to both Higher Education and the UK market. The unique IP and market-leading functionality of Syllabus Plus supports our vision of delivering enterprise software that is incredibly easy to use and that substantially enhances our customers' experience in the Higher Education sector. We are excited about the opportunities this will bring to both our UK and Australian customers in the coming years.

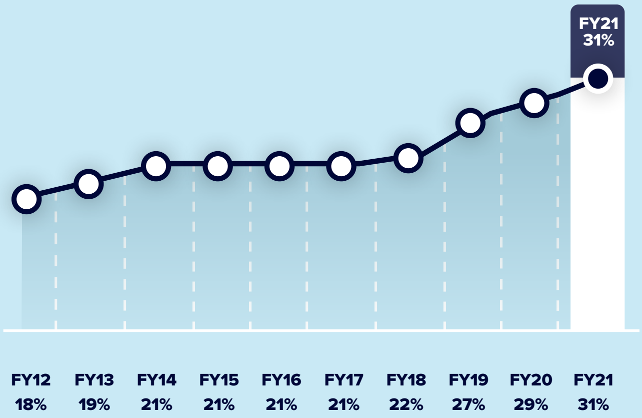
Strong balance sheet and cashflows

TechnologyOne continues to have a strong balance sheet with net assets of $190.2 million, up 34% and cash and cash equivalents of $142.9 million, up 14% after making the initial payment for the Scientia acquisition of $11.6 million. Cash flow generation was once again strong at $63.9 million for the full year, versus a Net Profit After Tax of $72.7 million. TechnologyOne continues its long history of strong cash flow generation, which we expect to progressively grow to match Net Profit After Tax in FY24.

Profit Before Tax margin increases to 31%

Profit Before Tax margin increased to 31% compared to 28% for the prior year. We see margins continuing to improve to 35%+ in the coming years, driven by the significant economies of scale from our single instance, multi-tenanted global SaaS ERP solution.

We are on track to double the size of our business once again in the next five years.



Profit Before Tax Margin

Dividend

In light of the company's strong results, and our confidence going forward, the dividend for the full year has increased to 13.91 cents per share, up 8% on the prior year.

Executive remuneration

TechnologyOne remains focused on delivering strong growth and our current remuneration structure positions us well to continue to achieve this both in the short and long-term, as well as ensuring alignment across our Executive KMP.

At a time when many businesses have struggled during the pandemic, TechnologyOne has delivered exceptional growth as follows: organic SaaS ARR growth of 43%, Net Profit Before Tax growth of 19%, the UK achieving profit of $1.6 million and Consulting profit growth of 14%.

There is clear alignment between the performance of the business and executive remuneration. FY21 total executive KMP remuneration grew by 12%, while the company's Profit Before Tax grew by 19%.

Environment, Social, Governance (ESG)

TechnologyOne is committed to its ESG obligations, beyond just regulatory requirements. Last year, TechnologyOne became officially Carbon Neutral and this year is our first year benchmarking and reporting under the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

While the TechnologyOne operations do not have a material impact on the environment, we acknowledge that it is the changing attitude of many that will have a material impact on reducing climate change.

Please refer to the Company's website at: https://www.technologyonecorp.com/company/investors/corporate-governance for our Sustainability Report and Corporate Governance Statement.

Corporate Governance - Board renewal

Given TechnologyOne is such a significant R&D and innovation-led business, coupled with our long track record of profitable growth, we have taken a cautious and measured approach to the renewal of our Board, to ensure a smooth transition. We have made good progress again this year with the appointment of a new and highly experienced independent director, Mr Pat O'Sullivan, who holds a number of directorships for ASX-listed technology companies. Mr Pat O'Sullivan has been appointed Lead Independent Director and Deputy Chair. We now have a majority of independent directors.

TechnologyOne Foundation

The TechnologyOne Foundation defines who we are as a company and is an important driver of our culture and values.

We are committed to making a difference to underprivileged and at-risk youths, by empowering them to transform their lives and create their own pathways of success. We believe that it is through youth that we can have the greatest impact on the future. We have an ambitious goal of lifting 500,000 children and their families out of poverty, which we are on track to achieve.

An important part of the TechnologyOne Foundation is supporting great Australians doing great work, both locally and internationally, which includes the Fred Hollows Foundation, School of St Jude, Opportunity International Australia, Solar Buddy and St James College.

The Foundation will continue to grow with TechnologyOne through our commitment to the 1% pledge – which includes 1% profit, 1% product and 1% time. This represents a $2m + commitment each year. The Foundation will continue to shape the DNA of our company and staff. This is discussed in more detail in the TechnologyOne Foundation section on page 67.

Our people and culture

Our people solve incredibly complex business problems for our customers and have delivered our massively broad and deep global SaaS ERP. We compete and win against the world's largest multinational software companies, who have R&D teams with tens of thousands of staff.

We continue to invest in our people and culture initiatives, including our award-winning programs such as O week, graduate program, Buddy program, Hack Days, Town Halls and Regional Days, to highlight a few. We also recognise those team members who live our values and demonstrate the TechnologyOne Way through our annual MARVEL awards. During the year we were able to hold a Company Kick Off, which was a whole-of-company event for team members to hear from our leaders about the future of our products and services, and to reconnect with each other after COVID-19 lockdowns.

TechnologyOne conducts a continual eNPS survey to measure each team and to build our strong and unique culture. All of these initiatives have resulted in TechnologyOne being once again independently recognized as an employer of choice. This is discussed in more detail in the Our People section on page 53.

Outlook for FY 2022

As we have seen over the last few years, the enterprise software market continues to remain resilient, with our products providing our customers the opportunity to reduce their costs, streamline their business and improve their efficiencies in a challenging economic time.

The TechnologyOne global SaaS ERP solution is driving our continuing success. As a result, TechnologyOne's sales pipeline of opportunities for 2022 is strong and this positions us for continuing strong profit growth in FY22.

Our SaaS business will continue to grow strongly and profitably.

We also expect to see continuing strong growth in the UK market.

The company will provide further guidance at both the Annual General Meeting and with the FY22 first half results.

Afterword

To continue to succeed we must continue to innovate and focus on building beautiful software that is incredibly simple and easy for our customers to use. Our software must work on any device, anywhere, at any time if we are to enable our customers to embrace the exciting future that is possible with the digital revolution.

Also, we must continue to earn the right to be the enterprise software partner for our customers. At every touchpoint we have with our customers, we must strive to make things simpler for them and give them a great experience.

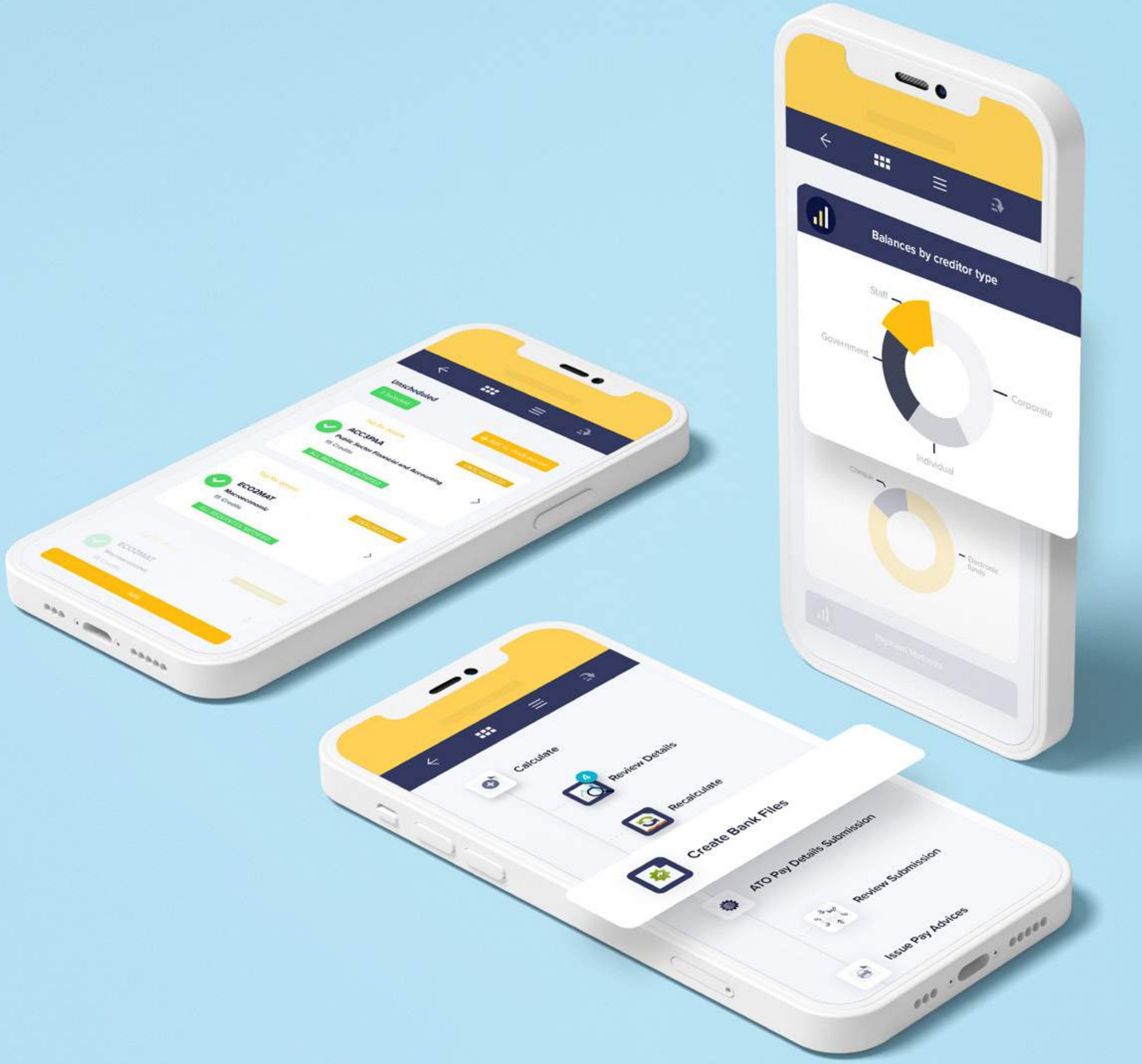
A few years ago, we set an ambitious goal to transform business and make life simple for our customers. We are now making this a reality.

This would not be possible without the talented and committed people who make up TechnologyOne.

We would also like to thank you, our shareholders, for your continuing support.

Adrian Di Marco
Executive Chairman

Edward Chung
Chief Executive Officer



Global SaaS ERP solution

Global SaaS ERP solution

The power of a single integrated ERP solution, built on a single modern platform with a consistent look and feel and user experience.

TechnologyOne's global SaaS ERP solution delivers the full functionality of ERP on any device, without compromise. Our Software as a Service (SaaS) runs one global code line, allowing us to continuously deliver new innovations to our customers, who benefit from the scale of our investment as an enterprise vendor.

Our SaaS ERP solution is a single instance of software, one single global code line, run on thousands of servers, at massive scale, for all customers. Because of this, we gain enormous economies of scale, allowing us to continuously deliver new innovations to customers. Every customer benefits from each dollar we invest, amounting to $77 million investment in R&D in FY21.

Our solution leads the market because we own, build and support our own software. We take complete responsibility for providing the processing power, software and services, including backup, recovery, upgrade and support services for our SaaS customers. Other ERP providers fail to deliver the same economies of scale and cost efficiencies because they use cloud hosting but handcraft each customer's environment individually. Our solution delivers the deepest functionality for the markets we serve, comprising 14 products and up to 30 modules per product.

Our global SaaS ERP surpasses best-of-breed cloud products because we offer one partner, one integrated solution, one look and feel, one technology platform and integration out of the box.

Our SaaS ERP solution is a single instance of software delivered globally, with a mass production line of servers running thousands of customers' organisations. It produces substantial economies of scale, creating cost efficiencies that hosting providers cannot come close to, and a level of service, security, reliability, scalability and future proofing that would not be otherwise possible.

TechnologyOne makes a substantial investment each year in ongoing R&D, to continue to improve our software and to capitalise on new technologies, concepts and ideas. Our global SaaS ERP solution provides a compelling value proposition to our customers, giving them what is essentially a very simple, cost effective and highly scalable model of computing.

Our customers are always on the latest technology, with access to two releases of software per year that delivers new features, functionality and concepts, as well as access to the TechnologyOne University for 'just-in-time' training. This is all provided standard as part of our SaaS solution, and we guarantee it will be future proof. Our current release, 2021B, unlocks the potential of Ci Anywhere, providing customers with greater flexibility to work on any device, anywhere, at any time.

For existing customers, the migration from on-premise to SaaS is seamless, with no loss of functionality or complicated re-implementations required. The accelerated transition allows them to immediately save up to 30+ per cent on their total cost, so they can focus on their business, not on technology. With our configuration-driven software design, all our customers' unique configuration information is stored in their own dedicated and secure database. This is also the case for our customers' transactional data, allowing us deliver personalised service at scale.

Our approach to SaaS ERP is a key part of TechnologyOne's ongoing success, with SaaS revenue now representing 48 per cent of our total revenue. In FY21, we gained approximately 100 new SaaS customers, joining many of our long-standing customers on the journey from on-premise to cloud-based solutions.

Our current release of TechnologyOne SaaS, 2021B, continues to deliver further economies of scale and enhanced security. We are now working on the next generation of our SaaS solution, 2022A. The pace at which we are innovating is accelerating, and we are seeing many opportunities to continue to improve the features, speed, security, availability and scalability of our SaaS solution for our customers.

TechnologyOne is at the very forefront of delivering the benefits of mass production to the enterprise software industry. As we have seen in other industries, the economies of scale of mass production will change the face of the software industry.

Realising our vision as a SaaS-first company

Ten years ago, we started our journey to SaaS, by committing to building a software solution that would operate anywhere, any time, on any device. We set an aspirational goal to develop the next generation of ERP software, to transform our customers through a digital platform. Today, that solution is Ci Anywhere, delivered via SaaS.

Over the last five years, our customers have validated this strategy with the overwhelming adoption of SaaS. Our customers report transitioning to SaaS has allowed them to become more agile and more importantly, gives them the ability to focus on their customers and not on their technology.

We now know that SaaS is the future, and the only way to provide our customers with the experience they need to succeed.

That's why we've transitioned the majority of our on-premise customers to our SaaS Platform, providing them with a digital platform for evolution.

This year marked a significant milestone in our journey to becoming a full SaaS company, as we committed to moving all remaining on-premise customers to SaaS by 2024.

We will work closely with our on-premise customers on their pathway to SaaS over the next three years, to ensure no customer is left behind.

This shift will not only allow us to realise our vision as a full SaaS company, but will enable us to better focus our resources on developing and delivering our products, new enhancements and innovations on a single platform.

637 customers have chosen TechnologyOne SaaS to power their organisations. This is an increase of more than 18 per cent in customer numbers over the past 12 months, and we expect this rapid growth to accelerate as we power towards our 2024 milestone.

The benefits of SaaS are too big to ignore

To better understand the 30%+ our customer save by moving to SaaS, we commissioned IBRS and Insight Economics to undertake research for us. The research has validated our SaaS-first strategy, but more importantly, provided us with a platform to be a true industry thought leader in the SaaS space – with the findings proving too big to ignore.

The research uncovered a game-changing $252 billion saving over the next 10 years, as the direct benefit potential of our key industries moving to SaaS. That's $224 billion in Net Present Value terms (NPV). The evidence confirms that SaaS has the potential to deliver substantial cost savings, which can be redirected to critical investment in infrastructure and services for Australia's growth.

Across our industries, that translated to:

- Local Government: $8.4 billion
- Higher Education: $8.4 billion
- State and Federal Government: $62.4 billion
- Health and Aged Care: $23.7 billion
- Corporate and Financial Services: $59.2 billion
- Asset and Project Intensive Industries: $61.9 billion

By uncovering the significance of the market opportunities presented by SaaS, we now have a key role in the discussion around how digital technology can power Australia's future economic growth.

Any device, anywhere, at any time

Our award-winning Ci Anywhere platform delivers a single solution for our key verticals, that enables possibilities now and in the future. CiA is the path forward for our customers and provides a springboard for future innovations.

Through Ci Anywhere, customers gain access to the full functionality of our enterprise software on any device, anywhere, at any time.

Organisations can embrace iPad, iPhone and Android devices as part of their enterprise solution and our adaptive screen design guarantees a great user experience regardless of the device. Because the experience is tied to the user, not the device, an employee can move seamlessly from one device to another without interrupting their work. With its incredibly simple design, CiA has created a new standard in enterprise software, giving us a significant competitive advantage. For customers undertaking digital transformations, this is the key to future success.

DXP (Digital Experience Platform)

The experience your customers demand

TechnologyOne's Digital Experience Platform (DXP) extends the power of enterprise software for our customers. It enables organisations to empower their customers with personalised outcomes, providing a simplified digital experience using next generation technologies such as Artificial Intelligence (AI) and machine learning (ML).

It is a frictionless experience and leverages the power of enterprise software. DXP will digitally enable every stakeholder throughout an organisation - be it an employee, customer, supplier, student or rate payer - substantially streamlining their business and improving their experience.

TechnologyOne has released our Local Government DXP to our pilot customer, and is continuing to work on the development of our Student DXP.

Our commitment to innovation

In FY21, we invested $77 million in R&D to improve our SaaS offering with new enhancements and innovations.

Our Software as a Service runs one global code line, allowing us to continuously deliver new innovations to our customers, who benefit from the scale of our investment as an enterprise vendor. With each new customer, our solution is enriched with new IP that powers the evolution of our software.

The economies of scale offered by our global SaaS ERP solution mean that when a customer signs up to our service, they receive far more than what they pay for. Each customer benefits from the hundreds of millions of dollars that we have invested to date and our commitment to continued investment. We take care of patching and upgrades, and offer two major software releases per year.

Our SaaS offering is massively scalable, resilient and fault-tolerant. All our customers run the same code-line globally, and all processing resources are shared. When we make an improvement to the service we automatically roll out that improvement to all our customers.

It is a testament to the collective skill of our people and organisational structure that we have achieved such a competitive advantage and level of differentiation in the SaaS market.

Insights—our SaaS monitoring platform—gives us unprecedented visibility of the real-time performance and reliability of our SaaS environments and software. This enables us to analyse, detect and respond to issues faster than ever before. Insights also strengthens our support processes by connecting our development teams directly with customers.

Most trusted SaaS ERP provider

We take the privacy and security of our customers' data very seriously and weave this consideration into the fabric of everything we do. We are committed to building the world's most trusted cloud for enterprise software and will continue to make significant investments to that end. That's why, since 2017, we have achieved the highest level security accreditation of any SaaS ERP vendor operating in Australia.

The foundation of our global SaaS ERP solution is a class-leading security and compliance program designed to give our customers the strongest protection and privacy. As part of this program we develop and maintain our security framework, which passes the most stringent external verification, testing and scrutiny.

Customers receive the benefit of these certifications, along with ongoing security and privacy enhancements, at no extra charge.

Standard	TechnologyOne	Infor	Workday	SAP
IRAP (OFFICIAL)	✓	–	–	✓
IRAP (PROTECTED)	✓	–	–	–
NZ IRD SPS 13/01	✓	–	–	–
ISO/IEC 27001:2013	✓	✓	✓	✓
ISO/IEC 27017:2015	✓	–	✓	–
ISO/IEC 27018:2014	✓	–	✓	✓
ISAE 3402 SOC1	✓	✓	✓	✓
AT-C 205 SOC2	✓	✓	✓	✓
AT-C 205 SOC3	✓	–	✓	✓
SSAE 18	✓	✓	✓	✓
Cyber Essentials Plus (UK)	✓	–	–	–

TechnologyOne University

TechnologyOne University is the learning and training hub for our software. Through the power of SaaS, all of our customers can receive self-paced learning and comprehensive training on any device, anywhere, at any time.

An innovative digital learning solution, TechnologyOne University gives our customers a dynamic, real-time and up-to-date self-service support and education option that empowers users at all levels.

Our strategy

Our vision

Transforming business, making life simple

Our vision is to build and deliver truly great products and services that transform business and make life simple for our customers. Our core beliefs allow us to deliver on this vision.

Over more than three decades, TechnologyOne's clear vision, our beliefs, our people, our supporting initiatives and our continuing growth have underpinned our success.

At TechnologyOne, we know that our customers' experiences define our success. We believe in leadership, not management. We know that our survival depends on our ability to set ambitious goals, and to lead and inspire our people to achieve great things. As a large, successful company, we also believe it is important to give back to the community. To pay our success forward, we established the TechnologyOne Foundation.

Our beliefs, dedication to customer experience, leadership model and charitable ethos have formed our vision. This is the TechnologyOne Way, which we developed more than 30 years ago and continues to define the way we operate.

Our core beliefs

We believe in:

Global SaaS ERP solution	The Power of One	Deepest functionality for the markets we serve	The power of evolution	Simplicity, not complexity

Global SaaS ERP Solution

We believe in the power of a single, integrated ERP solution built on a modern platform with a consistent look and feel and user experience.

A best-in-class enterprise solution

Only through an enterprise solution can organisations embrace the future of digital technologies and unlock the efficiencies they need across their entire organisation. We have spent more than 30 years and hundreds of millions of dollars to deliver on this enterprise-wide vision. Today, we deliver best-in-class products that come together as a total enterprise solution from a single vendor.

In the SaaS world we have seen the proliferation of 'best-of-breed' products. We are confident, just as we have seen in the past for on-premise customers, that we will see a move from best-of-breed products to enterprise software solutions in the cloud, given the significant benefits it will provide: one vendor, one user interface, one common technology architecture, and integration across all products. As TechnologyOne is one of only a few enterprise SaaS vendors globally, this positions us for continuing strong growth.

Our leading-edge platform

Our comprehensive suite of fully integrated software products is designed to deliver the best possible experience for users.

Our software solutions are underpinned by our state-of-the-art CiA platform. The platform provides the core functionality, security and a consistent user interface for each of our products, and enables our customers to access their information anywhere, at any time and from any device. We continue to evolve our platform, ensuring our customers can easily adapt to changes in mobile devices, computing and user preferences.

Deepest functionality for the markets we serve

We have chosen to focus on six key markets: local government, government, education, health and community services, asset- and project-intensive industries, and corporates and financial services. With more than 30 years' experience and over 1,200 large-scale enterprise customers, we possess an expansive understanding of these sectors and provide the deepest functionality for the markets we serve. We continue to add more functionality to our products and preconfigured solutions for these markets, to streamline implementation and reduce customers' time, cost and risk.

Preconfigured solutions

TechnologyOne's integrated products form the building blocks from which our preconfigured, industry-specific solutions are developed.

Created in collaboration with hundreds of customers, the solutions cover 80 per cent of each sector's requirements. This accelerates implementation, while leaving room for the software to be configured to customers' specific needs.

This approach is faster, cheaper and safer than that adopted by our competitors.

Deep industry engagement

Each of our preconfigured solutions is developed by a team of specialists with an in-depth understanding of our key markets. We work closely with our sectors to stay abreast of current requirements, organisational and user challenges, legislation and emerging trends. This deep industry engagement ensures our preconfigured solutions continue to lead the market.

The Power of One

TechnologyOne's hallmark is being one vendor with a single vision, code-line and experience. We do not use implementation partners or value-added resellers. We take complete responsibility for building, marketing, selling, implementing, supporting and running our enterprise solutions for each customer to guarantee long-term success.

Our unique value proposition

We are 100% accountable to our customers, whether the focus is on business needs, underlying technology, delivering implementations on time and within budget, or excellence in support and customer service.

When organisations invest in our solutions they benefit from a direct relationship with us every step of the way. From the start, we take ownership of a project and provide outstanding service and support.

Unlike our competitors, we provide a single, integrated consulting capability to enable a safer, faster and more cost-effective time to delivery for our industry solutions. We partner with our customers to ensure that they can truly unlock the value of their TechnologyOne investment. This is underpinned by the industry and product experience of our 300 consultants and the power of our Solutions Implementation Methodology (SIM) 2.0.

The power of evolution

Substantial investment into R&D each year allows us to provide our customers a strong, continuing competitive advantage through an enterprise solution that adapts and evolves by embracing new technologies, concepts and innovation.

In our 30+ years, being ahead of the technological curve has been part of our DNA, because we've invested in technology, processes and people, for our customers and the verticals we serve. We're always innovating, so our customers can too.

Using technology for competitive advantage

One of our founding principles in 1987 was to use new and emerging technologies to provide a competitive advantage for our customers. It continues to be a major focus today.

For more than 30 years, we have successfully delivered a continuous and smooth technology transition that has seen TechnologyOne migrate our customers across a number of technology paradigms, from mainframe to client-server computing to the Internet, to our Connected Intelligence (Ci) platform and more recently, Ci Anywhere. Our SaaS solution is built on beautiful design, and can be used by any business consumer, anywhere, on any device and at any time. It is powerful and simple to use, allowing our customers to realise the benefits of our global SaaS ERP solution on their smart mobile devices.

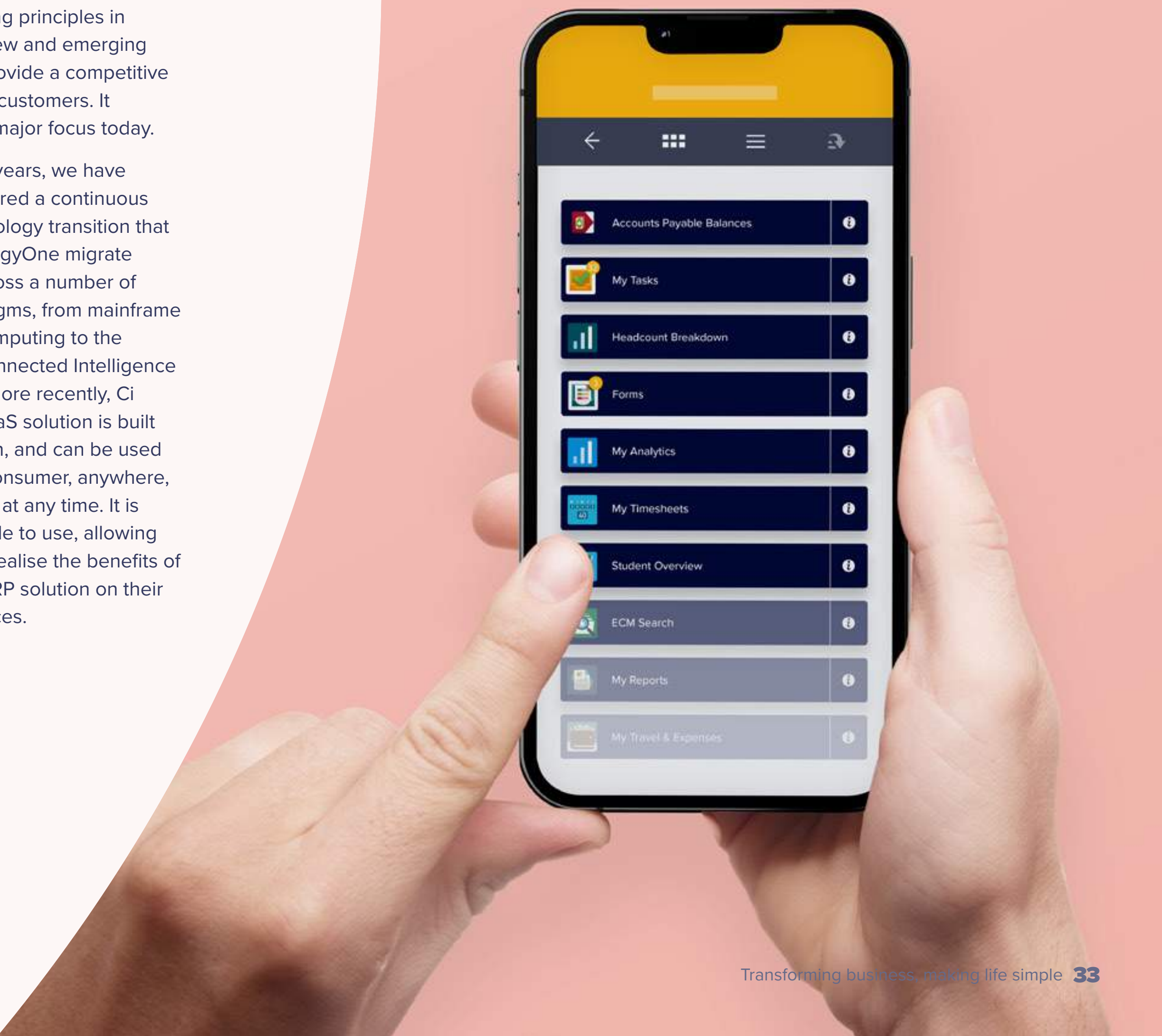
Simplicity, not complexity

As a leader in the ERP market, we have always focused on transforming business. More importantly, we do this to remove complexity and make life simple for our customers.

Simplicity is a philosophy we continue to embrace in everything we do for our customers. We want to be known for an ERP solution that is easy, simple and intuitive to use, and that removes needless complexity.

By embracing the simplicity of a SaaS model, we deliver our software in a high performing and secure manner. Our highly available infrastructure has redundancy built in at every level and ensures our customers don't have to worry about running or updating their own software and infrastructure.

By removing the need to manage their computing environment, customers can focus on business, rather than the supporting technology.




Animals
Summary
Active dogs 125
Active cats 72
Register animal

Our growth

Deepest functionality for the markets we serve

A deep understanding and engagement with our key markets means we can deliver to our customers integrated, preconfigured solutions that provide proven practice, streamline implementations and reduce time, cost and risk.

Global SaaS ERP Solution

Our ongoing success has been underpinned by the incredible growth of our SaaS business, which doubles in size every 18 months. This is powering the growth of TechnologyOne, which continues to double in size every five years.

We now have 637 customers on our global SaaS ERP solution.

Our solution is a clear market leader because we are the only enterprise vendor to offer a true SaaS ERP solution across the entire enterprise.

Unlike many other software providers that use cloud hosting, we own, build and support our software. Because other providers handcraft each customer's environment, they cannot offer similar shared benefits or economies of scale.

$500m+ ARR by FY26

TechnologyOne is focused and we are clearly on track to achieve our strategic goal of reaching $500 million+ Annual Recurring Revenue (ARR) by 2026.

To achieve this, we are focused on a number of platforms for growth:

1. Driving the growth of our customer base
2. Expanding within our vertical markets
3. Expanding our product range and depth
4. Growth in the UK, and beyond

We see the UK as a significant growth area, demonstrated by the increased success we have seen in that region over the last five years.

1. Driving the growth of our customer base

As an established company with 34 years of success, we benefit from the investment of more than 1,200+ customers. We draw on these relationships and deep industry knowledge to power our success and bring new customers to TechnologyOne.

We focus and specialise on six large vertical markets, which enables us to build deep industry knowledge and develop preconfigured solutions that quickly meet our customers' needs. There is significant runway for us to expand our customer base across all markets and grow our solution footprint as we add value for customers.

This growth is supported by the vertical alignment of our Marketing, Sales, Product and Consulting teams, and is a testament to the deep industry knowledge and expertise that we have developed in-house across these fields.

2. Expanding within our vertical markets

We have experienced continued success and expansion within each of our vertical markets. The adoption of our global SaaS ERP has also enabled us to further penetrate our key vertical markets more deeply.

Driving adoption of our global SaaS ERP

TechnologyOne has made the transition to our SaaS solution simple and seamless for our on-premise customers. They can move to SaaS in weeks, not years, like those using our competitors' products.

By transitioning to SaaS, our on-premise customers will unlock the significant benefits that our SaaS customers already receive.

During the year we announced the end of our on-premise business by October 2024. This watershed milestone gives our remaining on-premise customers ample time to make the transition to our global SaaS ERP solution.

We expect 90%+ of all our remaining on-premise customers to move to our SaaS solution, driving the growth of our SaaS business.

Increasing adoption of our products

Our global SaaS ERP solution comprises 15 products (with the recent acquisition of Scientia) and up to 30 modules per product, delivering the deepest functionality for the markets we serve. Our solutions are modular by design, providing customers with the flexibility to add new products as their needs increase.

We're constantly enhancing the functionality of our products and delivering new innovations, for the benefit of our customers. This has been key to our 99 per cent customer retention and our continued growth over the last 34 years.

Our focus for existing customers is to increase our product footprint, to ensure customers are benefiting from the full depth and breadth of our solution.

3. Expanding our product range and depth

We work closely with our customers to ensure we understand their needs, meet their priorities, drive continuous improvement and provide an increasing range of functions within our enterprise solutions. Our goal is to build proven practices into our solutions and deliver the best software and services available for our customers. The result is that we continue to extend our product offering by developing additional features and functions – further building on what is already one of the world's most comprehensive enterprise software suites.

By re-engineering all our products for Ci Anywhere, customers can enjoy the same software functionality across any device, anywhere, any time.

Through DXP, we are extending the reach of our software from the back-office power users such as accountants, payroll clerks, student administration and customer service teams, to the front office end users such as employees, ratepayers and students; making the power of ERP available to everyone.

Our Sales, Marketing and Customer Success teams keep customers informed about recent developments and the experiences of fellow TechnologyOne customers. This helps customers further improve their technology systems, business processes and models.

Building on this partnership approach, the TechnologyOne Customer Community has transformed our support experience.

As a dynamic group of TechnologyOne experts and customers, the Customer Community provides a world-class support experience to customers. It also enables them to influence product direction, keep up-to-date with industry news and collaborate with other customers.

4. Growth in the UK, and beyond

We see the UK as a significant growth area, demonstrated by the increased success we have seen in that region over the last five years.

In FY21, we built on our breakeven status, with SaaS ARR of $9m, up 20%.

Our team have been working on the localisation of our global SaaS ERP solution, to ensure that we are delivering a solution that fits the specific needs and requirements of our industries in the UK.

This year, we achieved a major milestone, completing the localisation of our Student Management product, which opens up significant opportunities for growth in Higher Education.

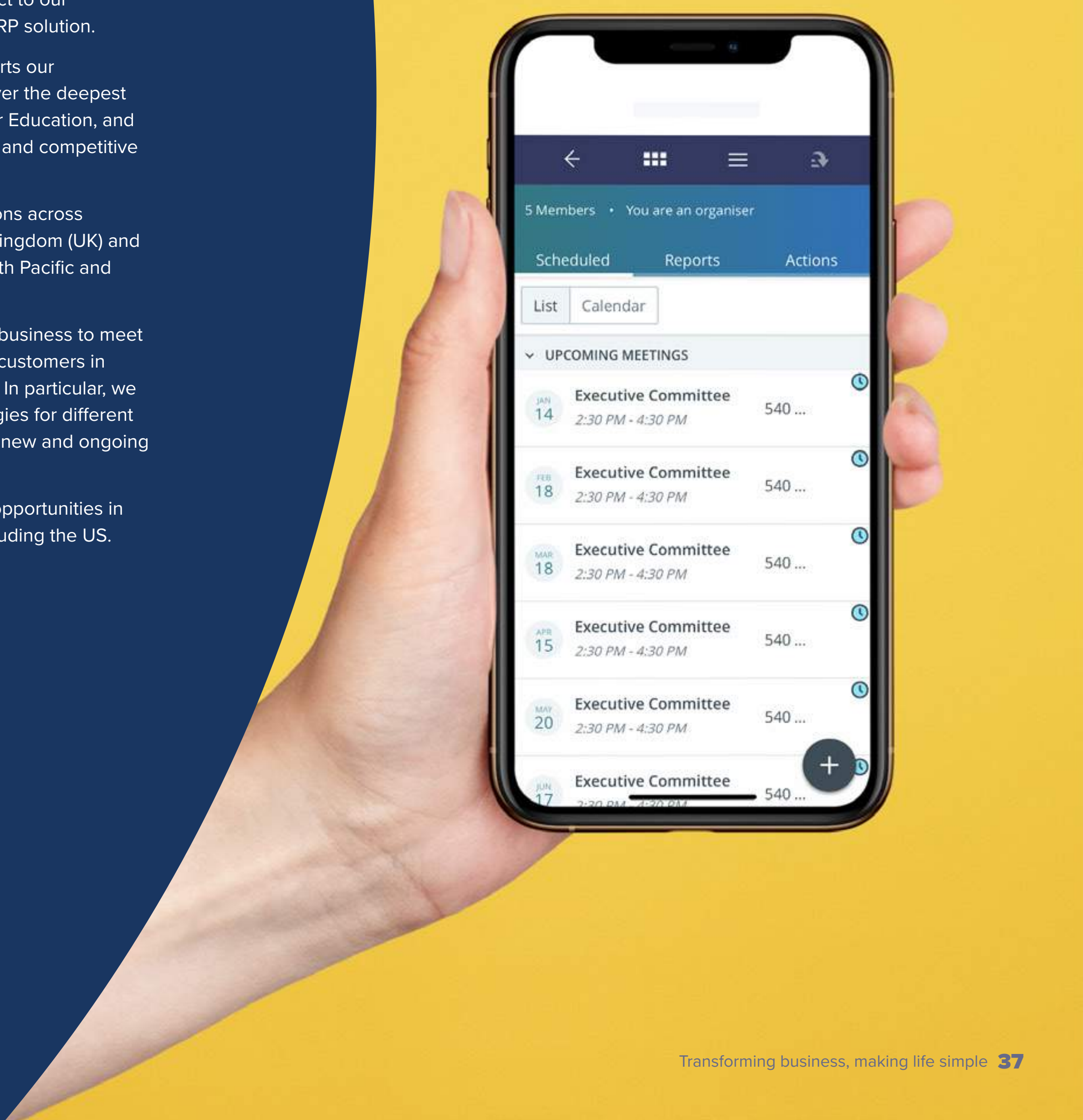
We also made our first international acquisition in leading Higher Education software provider Scientia, adding a world-class enterprise scheduling and timetabling product to our OneEducation SaaS ERP solution.

This acquisition supports our strategic focus to deliver the deepest functionality for Higher Education, and accelerate our growth and competitive position in the UK.

We have global locations across Australia, the United Kingdom (UK) and New Zealand, the South Pacific and Asia.

We have adapted our business to meet the differing needs of customers in each of these regions. In particular, we adapt our sales strategies for different regions as we identify new and ongoing customer needs.

Soon we will explore opportunities in new geographies, including the US.



Our operations

Stuart MacDonald

Chief Operating Officer

We set out this year with aspirational plans and expectations. It is a testament to our Power of One and cohesive strategies that we delivered on those aspirations.

FY21 saw the realisation of two years of hard work focusing on top-down strategies and organisational alignment across the business. Each part of the organisation not only delivered on its goal, but most importantly, worked together to deliver collective success.

We achieved record ARR of $257.5m as SaaS powers our growth, and this can be best seen in our key industries of Local Government and Education, which experienced strong results.

Our success validates that the team is executing on an impressive strategy.

We continued to drive our strategy forward by announcing a watershed moment in our SaaS journey, committing to moving all remaining on-premise customers to SaaS by 2024. We are also laser focused on migrating our customers to our next generation ERP, Ci Anywhere.

We know that Ci Anywhere, delivered via SaaS, is our future, and together they will enable a significant era of growth, by allowing us to focus our resources on a single platform and delivery method to drive innovation forward. It will mean all customers can experience our industry leading software, by always being on the latest release, with the latest features and functionality.

The UK had a strong year, with our value proposition now clearly defined and the team executing on this in our two industries of Local Government and Higher Education. The acquisition of Scientia bolstered the strength of our Higher Education solution for both the UK and our wider APAC market.

We see the UK as a significant platform for future growth over the next few years, with a total addressable market of three times our APAC market.

Driving a national agenda

This year we commissioned research by IBRS and Insight Economics into the economic potential of SaaS, uncovering a game-changing $252 billion over the next 10 years, as the direct benefit potential of our key industries moving to SaaS.

Not only has this endorsed our SaaS-first strategy, but it has given us the platform to drive the conversation across all levels of government and business, and put TechnologyOne in the vanguard of the digital revolution. This level of influence and engagement with key industry players will underpin our success.

Aligning our people behind our strategy

With the right strategy in place, we know that the alignment of our people behind it is the key to our continued success.

With this in mind, we brought all our people together for our inaugural Company Kick Off (CKO).

Throughout the three-day tribal event, we shared our team and product strategies, immersing our people in our path forward and ensuring they were engaged, focused and enabled to deliver on their role in our future growth.

This was a critical part of the enablement of our strategy, ensuring that our people are aligned behind our common goal.

Paul Jobbins

Chief Financial Officer and Executive Vice President, Corporate Services

The Corporate Services team supports the company through strategic business partnering and by providing systems and processes that drive efficiency, and by managing our capital and cost base to ensure we optimise return on our investments.

In FY21, we focused on strengthening our resources, skills and systems to ensure we can support the business to achieve future growth and scalability as a SaaS company. We are well structured to provide detailed forecasts, planning and analysis to support sensible business decisions and win new business.

Supporting strategic success

In FY21 we delivered record Annual Recurring Revenue (ARR) growth of $257.5m, and are on track to deliver our goal of $500 million ARR by FY26. This has been supported by the implementation of our new revenue processing system.

The Corporate Services team also supported an increased focus on the UK business, delivering additional finance and legal business support to assist in achieving a Profit Before Tax of $1.6m in FY21.

People

We believe strongly in a culture of collaboration, and in providing environments for our team members to come together and have in-person 'collisions' that spark innovation. To support this, the Corporate Services team led the negotiation and fit-out of new leases in Adelaide and Canberra, and a number of office lease extensions in other regions.

We also worked hard to ensure we have the right remuneration framework in place to support a high performing culture. This has been validated by another strong year of growth, record profits and successful customer outcomes.

Underpinning innovation and growth

In FY22, the Corporate Services team will continue to support the business to deliver innovations that will underpin growth in sales to new and existing customers, while driving improvements in internal systems and processes.

By partnering with the business, we will assist in the transition of customers to our SaaS platform, the adoption of more TechnologyOne products, and support winning new customers in the UK and APAC.

Stuart MacDonald

(Acting) Executive Vice President, United Kingdom

The UK had another strong year, achieving Profit Before Tax of $1.6m, with our value proposition now clearly defined and the team executing on this in our two industries of Local Government and Higher Education.

We achieved a huge milestone this year in the completion of the regionalisation of our Student Management software for the UK. This will significantly enhance our OneEducation global SaaS ERP offering for the UK, enabling universities to manage the entire student lifecycle from a single solution.

With Higher Education firmly in the spotlight, we appointed two new senior education advisors: Professor John Latham CBE, Vice-Chancellor and CEO of the Coventry University Group and Dr Katie Bell, Chief Marketing Officer of UCAS, the UK's Universities and Colleges Admissions Service. The addition of the non-executive advisory roles are key to our UK higher education strategy.

We rounded out the year with our first international acquisition in leading higher education software provider Scientia, adding a world-leading enterprise scheduling and timetabling product to our OneEducation solution.

The acquisition supports our strategic focus to deliver the deepest functionality for Higher Education by bolstering the strength of OneEducation, and accelerates our growth and competitive positioning in the UK. The integration of our two global companies will deliver an enhanced and differentiated digital experience for our customers, making us the only ERP provider in the world to offer this solution to the higher education market, as part of a full enterprise suite.

Continuing momentum in FY22

As we lean into FY22, we have appointed industry heavyweight Leo Hanna as our new Executive Vice President, UK, to drive the continued growth and success of the UK region.

Leo draws on more than 20 years' experience building and leading sales, marketing and professional services organisations in some of the world's leading technology and SaaS firms, including Oracle, Symantec and Microsoft Corporation.

Leo's focus for the coming year will be on continuing our momentum in Higher Education, while spearheading expansion in Local Government.

Ben Malpass

Executive Vice President, Sales

FY21 was a hugely successful year for the Sales team, who leveraged their relationships to drive new opportunities across our key industries.

This was spearheaded by our customers' digital transformations, as they partnered with us to leverage a future-proof ERP solution that empowers them to be agile in adapting to a changing business landscape. This has been demonstrated by our ability to transition an additional 100 customers to our SaaS Platform this year.

Our announcement to move all customers to SaaS by 2024, coupled with our research that uncovered a $252 billion benefit potential of all our key industries moving to SaaS has resonated strongly with customers. We see these continuing to have a positive impact on the value we provide into FY22.

The acquisition of Scientia has also provided us with an opportunity to expand on the offerings we can deliver our customers, and drive significant growth in the UK.

Aligning behind our strategy

Our Sales team is aligned behind a strategy of enhancing, retaining and acquiring customers, which enables us to improve engagement across the business and enhance our customer experience and interactions.

Our industry sales team focused on aligning our product capabilities to the needs of our industries, which resulted in customers increasing their investment in our enterprise capabilities. SaaS transition initiatives also saw opportunities for our Sales teams to work with our customers and identify additional value for products and modules, which continued to increase our average product penetration.

We worked closely with our Product General Managers and Product Success Directors to provide feedback that has enhanced the value our customers derive from our solutions, resulting in strong customer retention. FY21 also saw greater alignment with Consulting, to ensure we unlocked the value of our Power of One promise for customers.

We welcomed approximately 40 new customers to the TechnologyOne family in FY21 and our new customer average deal size increased by a factor of 2.5x through the year. This demonstrated the success of our industry-focused solutions strategy and dominance in our key markets of Local Government and Education. Key wins included:

- Charles Darwin University
- Endeavour College
- NSW Ombudsman
- Charles Sturt University
- Cross River Rail Delivery Authority
- Parliamentary Services NZ
- Cancer Council QLD
- Credit Union SA
- Hesta, West Yorkshire Combined Authority
- Fareham Borough Council
- Allerdale Borough Council
- St Giles Society
- Advent Care

The success we've experienced this year demonstrates that we have a strong strategy in place, and the team is now focused on executing in APAC and extending that success to the UK. Our industry-focused Sales teams, our global SaaS ERP offering and Ci Anywhere platform, and our ability to deliver value quickly continues to differentiate us in the market.

I am extremely proud of what our entire sales team have achieved in a disruptive and uncertain FY21. Our continued investment in career frameworks, sales development and the opportunity we have created for our teams to progress - from our sales graduates to senior management - has seen a significant amount of internal promotions and resulted in continued success.

David Cope

(Acting) Executive Vice President, Consulting

In FY21, we completed the first phase of our Consulting transformation agenda, which was focused on setting our foundations and building our platform for future growth.

We've now moved into phase two, which involves improving alignment across the business to ensure that we are tapping into that deep market focus and commitment that differentiates us from competitors.

Driving our recurring revenue

Phase two of our transformation agenda will also see us focus on improving the value we offer to customers, and driving customer intimacy through the expansion of our Application Managed Services (AMS) program.

Recurring revenue in our AMS program grew once again, jumping 42% in FY21 to $19M+. We also maintained our strong 97 per cent customer satisfaction rate, which spoke to the continued high engagement of our customer group.

Importantly, we have focused on ensuring we have the right people and resourcing in place to provide customers with a compelling customer experience. We hired more than 70 new consultants in FY21, and facilitated the transfer of 16 people to other areas of the business, furthering the career growth of our team members and depth of skills across the company.

Our Career Frameworks are now fully operational, which has supported an all-time high of 23 consultants being identified as promotion ready across the Consulting group. We once again delivered a record 3,350 days of training, and are investing in improving the speed of onboarding of our people.

Streamlining delivery and driving growth

The learnings we gained from COVID-19 have strengthened our Consulting business significantly, and we have now moved to a completely remote delivery model. Our Consulting team is fully equipped to deliver all customer go lives remotely, with on-site activities happening by exception.

This has allowed us to improve the way we resource our customer engagements, and ensure that we have the right people on the right projects. This has also enabled us to move towards a product and vertical alignment model, rather than a regional model – which allows our customers to benefit from the deep vertical expertise of our people.

This has driven continued success across our Consulting business, with profit and margin increases across the board, together with exponential growth in the UK.

The Consulting success in the UK has underpinned UK overall profitability, and ensured we are set up to support continued UK expansion and growth.

Richard Nicol

Executive Vice President, Products

Our Products team is committed to delivering products our customers love, and our people are proud to create. We live and breathe this mantra, and it is critical to delivering on our Transforming Business, Making Life Simple promise.

To underpin this strategy, we have been laser focused over the last twelve months on migrating our customers to our next generation ERP, Ci Anywhere.

Ci Anywhere will lay the foundation for the next 10 years of our evolution and is the basis for some incredible innovations – innovations that will show our customers just how powerful it is working with a vendor who takes complete responsibility for their enterprise solution. To us, Ci Anywhere is more than just software - it is our platform for the future, the product our customers will love to use, and the stepping-stone for our success.

Scientia acquisition introduces new product

Our acquisition of Scientia has expanded our product suite and R&D capability, adding a world-leading enterprise scheduling and timetabling product to our OneEducation ERP SaaS solution.

Our development teams are now working on integrating Scientia's Syllabus Plus product into our single global code line, which will deliver a seamless experience across the entire TechnologyOne enterprise suite of products. This opens up exciting new opportunities for the future, by enhancing the strength of our OneEducation offering for the Higher Education market.

Underpinning UK growth

We have been investing in the requirements of the UK, through the establishment of a local UK R&D team that has been tasked with fast-tracking the localisation of our products for the region. The team reached a key milestone this year, with the completion of the localisation of our Student Management solution, creating a significant future revenue stream for the UK. We see this team expanding as they continue localisation across our other products.

Daniel Sultana

Executive Vice President, SaaS Platform

The growth of our SaaS business has continued to soar this year, and it is underpinned by the strength and security of our SaaS Platform, which provides a compelling value proposition for our customers.

Our strong investment and determination to be the most trusted SaaS Platform has again ensured we are global leaders in compliance, cyber security, performance and reliability.

To efficiently and easily meet the many global compliance standards our SaaS Platform adheres to, we have built an innovative process and technical production line that allows us to achieve and maintain compliance with all our security accreditations.

In FY21, we sought to register this innovative process and technical production line for a patent. We plan to use this patent to provide our learnings to customers, and provide them with compliance automation to assist them in meeting their reporting obligations.

Enhancing cyber security standards

Over the year, we continued to expand the security and compliance posture of our platform to reaffirm our position as the most trusted SaaS provider.

One of the key security accreditations that sets our solution apart is our IRAP PROTECTED status, enabling us to process and store government information up to PROTECTED. We offer this for all Australian Federal Government customers at no additional cost.

In FY21, we extended the benefits of IRAP PROTECTED beyond our federal government customers, to deliver the enhanced cyber security benefits to our entire global customer base.

This year we also completed the relocation of our UK customer's data from the European Union to the United Kingdom to comply with Brexit initiatives. This also included an uplift in security, compliance, performance and reliability at no additional costs to our customers.

Our watershed moment as a SaaS company

In 2021 we announced a watershed moment, by committing to moving all remaining on-premise customers to our SaaS Platform by 2024. With 637 customers already on our SaaS Platform - an increase of 18 per cent since last year – we are now at a tipping point, with the majority of our customers already on SaaS.

It's a credit to the strength of our SaaS Platform, and the speed and ease of transitions for on-premise customers switching to SaaS, that we were able to make this significant business decision.

We've committed additional resources, focus and support to ensure that we can help our remaining on-premise customers make this transition over the next three years, and enjoy the benefits of our full global SaaS ERP value proposition.

Maree Gallagher

Executive Vice President, People & Culture

This year, our people and business recovered from the disruption caused by COVID-19, and we have put a spotlight on ensuring that our return to a 'new normal' encompasses flexibility, without compromising our collaborative culture.

This included the establishment of a company-led remote working policy, which encourages our people to be in the office three days per week, with the remaining two days to be worked either remotely or in-office, at the preference of our team members.

We also invested in our office spaces across the board, signing new leases and extending many across our regions, to ensure that we provide our people with an environment that is conducive to collaboration, learning and in-person collisions that spark innovation – with the understanding that many of these happen in hallway conversations.

We also invested in tribal events that provided our people with an opportunity to reconnect and enjoy each other's company. One of the key highlights was our Company Kick Off event, which provided an opportunity for all team members to align behind our company strategy and vision for the future, as well as celebrate their achievements together.

We have found this combination of company-led flexible working and in-person collaboration has allowed us to maintain productivity, drive creativity and honour of our Power of One philosophy, which is contingent on cross-team engagement.

Investing in our people

Our people are our greatest competitive advantage, and we continued to value this through investment in their engagement, career paths and capabilities.

In what has been a buoyant candidate market over the last 12 months, we have focused on recruiting high performers that will contribute to the success of our company strategy and have a positive impact on our culture. We also cemented Talent and Succession Frameworks, helping us to identify our critical talent and critical roles, develop our highest potential team members and invest in our future leaders.

Diversity and inclusion has remained a key priority across our talent pipeline. As well as ensuring that we have a diverse workforce, we have committed to addressing the shortage of female technology workers in Australia, through partnerships with advocacy groups such as Women in Digital and Women in Technology. In doing so, we play a leading role in growing a more diverse pipeline of future candidates to work in technical fields and at TechnologyOne.

Finally, we supported a number of organisational changes across the business, to ensure we have the right people and structure in place to drive forward key strategic milestones – including our move to a full SaaS business, the migration of our customers to our next generation ERP, Ci Anywhere, and setting up the UK for its next phase of growth.

Career Framework

After successfully piloting our Career Framework in Consulting last year, we rolled this out more broadly across the business in FY21, engaging team members at all levels of the business on their career paths to ensure they are clear on what's required to progress, be it laterally, cross-functionally or through promotion.

Team member advocacy

Our eNPS survey measures team member advocacy and loyalty. Enhancements to the data captured and action planning post-survey have been received positively by team members, and are allowing us to use this data to drive decisions and improvements across the business.

Brett Hooker

Executive Vice President, New Engineering

Our New Engineering department focuses on driving new product innovations, without being inhibited by the day-to-day operational requirements of our existing product roadmaps. This enables the team to explore new innovations, separate to the delivery and ongoing enhancement of our existing product suite.

With a focus on technology innovation that allows us to reach out to a whole new class of users, New Engineering is driving future revenue opportunities within our key markets.

These innovations are underpinned by two key innovative practices. Firstly, we are investing more in design experts, which allows us to tap into human computer interface research and thinking. These experts are focused on ensuring our software is personalised to the scenario a user is trying to complete, and simplify their experience.

To complement this process, we are also engaging with end users and those managing the software very early in the design and innovation process. This allows us to incorporate customer feedback ahead of go-live, increasing the success and quality of the end products coming out of New Engineering. It also helps us to ensure we're building technology that is fit for purpose, customer-driven and meets our customers' needs.

New product innovations

We continued the development of our second generation of Digital Experience Platform (DXP) products in FY21. Our first customer, City of Canning, went live with our Local Government DXP, which provides an engaging digital experience for council communities.

We also ramped up engineering of our Student DXP, completing our user engagement and design phases, and moving into technical research. FY22 will see us commence the manufacturing stage for Student DXP.

Brock Douglas

Executive Vice President, Scientia

On September 15, TechnologyOne completed our acquisition of Scientia and its subsidiaries, and have now commenced operational ownership of the company.

Scientia marked TechnologyOne's first international acquisition, and adds a world-leading enterprise scheduling and timetabling product to our OneEducation ERP SaaS solution. This acquisition supports our strategic focus to deliver the deepest functionality for higher education, and accelerate our growth and competitive positioning.

It solidifies TechnologyOne's dominance in the Higher Education market, with 75 per cent of institutions in Australia, and 50 per cent in the UK now supported by our solution. The announcement was well received by our university customers.

As part of the acquisition, TechnologyOne welcomed over 100 new Scientia team members from across the globe, and immediately immersed them into our TechnologyOne experience and DNA, through a number of onboarding initiatives, company-wide events, and direct access to our TechnologyOne executive team.

Whilst continuing to enhance the Scientia products, our development teams are now also working to integrate Scientia's products into our single global code line.

Once complete, customers will enjoy a single user interface and experience across the entire TechnologyOne enterprise suite of products.

Ultimately, the integration of our two global companies creates a great opportunity. It will deliver an enhanced and differentiated digital experience for our customers, making us the only ERP provider in the world to offer this solution to the higher education market, as part of a full enterprise suite.

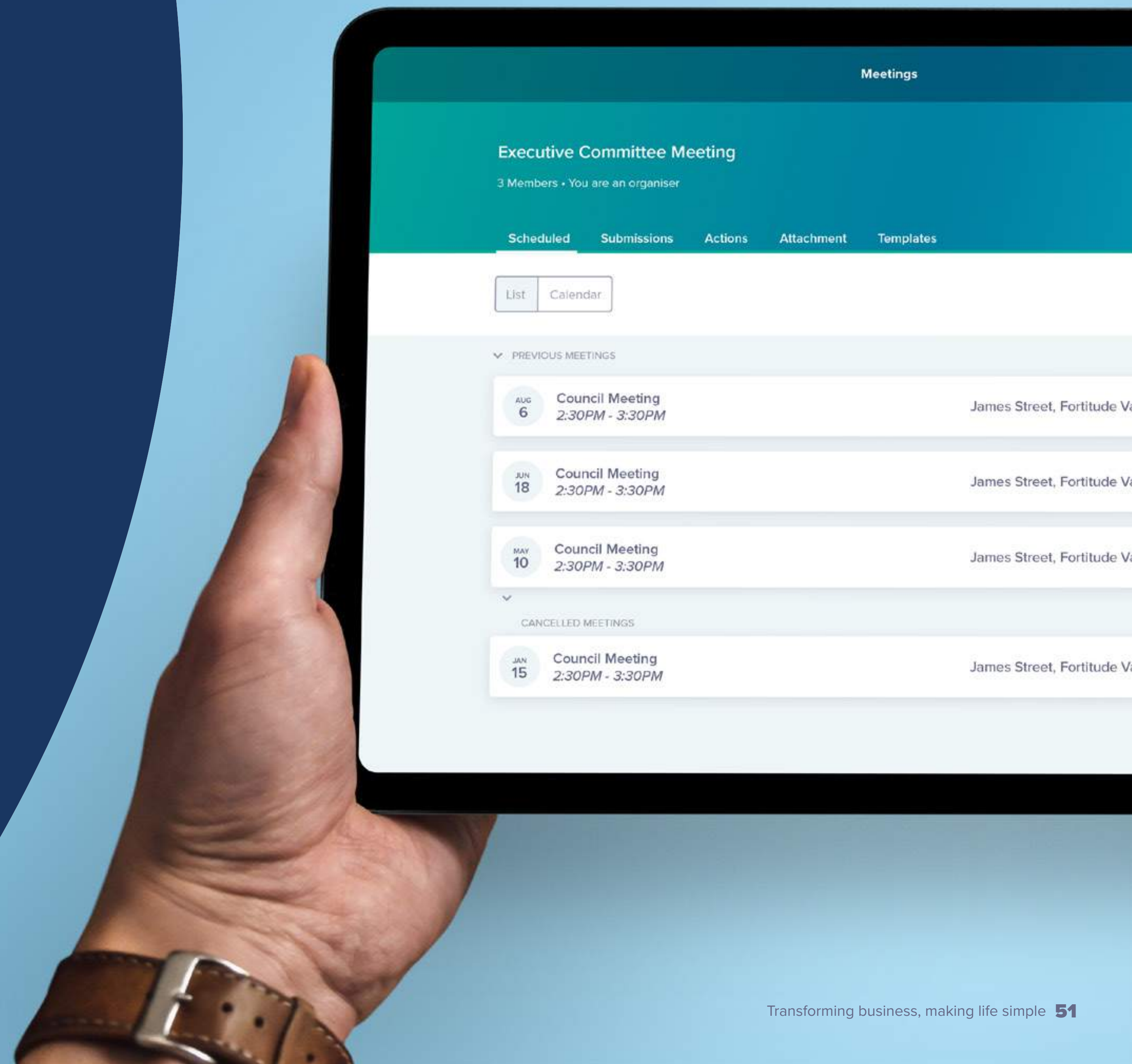
> *Being able to fully integrate a schedule into the full student experience is very important, and an exciting step for those universities - like Swinburne - that use TechnologyOne's student management system." Michelle Gillespie, Registrar and Director of Student Administration and Library Services at Swinburne University of Technology*

SWIN BUR NE

The power of one

One vision. One vendor. One code-line. One experience.

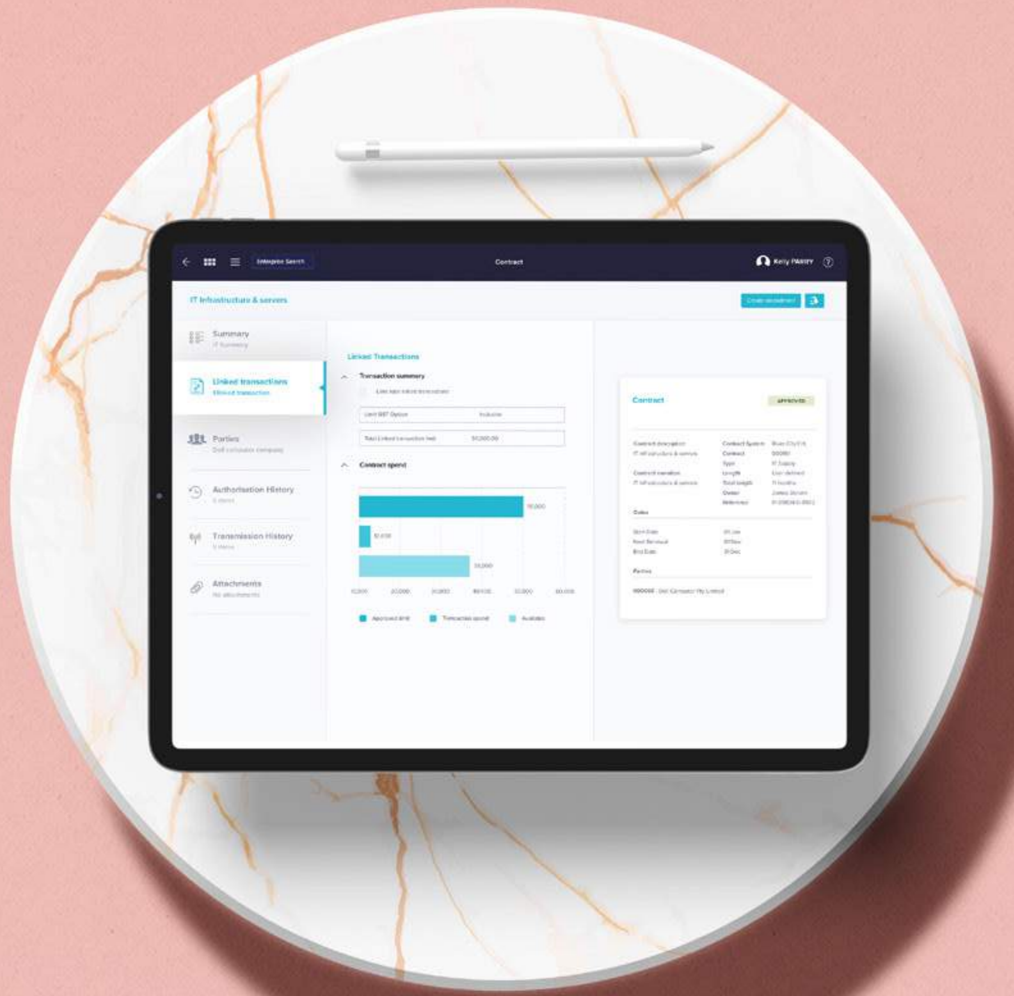
We do not use implementation partners or value-added resellers. We take complete responsibility for building, marketing, selling, implementation and supporting our enterprise solution for each customer to guarantee long-term success.



Our people

The power of evolution

Substantial investment into R&D each year means we provide our customers a strong, continuing competitive advantage through an enterprise solution that adapts and evolves by embracing new technologies, concepts and innovation.



Culture, collaboration and alignment

At TechnologyOne, we believe in a culture of innovation, creativity and collaboration and have created an environment that allows our people to thrive. This culture is built into the fabric of our business, driving high performance and underpinning our success.

Over the last two years, we have focused our operating model and business to be a true SaaS business, and pivot away from an on-premise operating model. In a time when COVID-19 has accelerated this shift to digital, we have had the technology and organisational structure in place to provide stability for our people and our customers, despite the uncertainty otherwise driven by the pandemic.

Employer of choice

Our people are a crucial source of our competitive advantage, and we purposefully invest in initiatives that support the recruitment, retention, development and progression of individual talent within our workforce.

As a nationally recognised Employer of Choice, TechnologyOne is committed to providing an environment in which our talented people can be innovative, creative and realise their full potential.

This year, TechnologyOne received more than 6,500 recruitment applications.

We also value the voices of our team members to help shape our organisation. Our Employee Net Promoter Score (eNPS) surveys provide a channel for our people to be heard, with the results used to influence ongoing enhancements to our initiatives and programs.

Extensive onboarding and training

TechnologyOne hires passionate, talented and innovative people who are inspired to think about the future.

Our comprehensive onboarding program provides the best possible start for our people in their careers at TechnologyOne. We continue to support our commitment to developing our people and growing their careers by delivering training in leadership, technical and professional skills development.

This year, we also welcomed 110 new team members who joined TechnologyOne as a result of our acquisition of Scientia. Our market-leading orientation and onboarding experience enabled us to seamlessly welcome our newest team members to the TechnologyOne family.

Cultivating a culture of innovation

The innovation and creativity of our team is key to our success.

With a team of more than 400 developers, TechnologyOne runs one of the largest Australian-owned R&D centres for enterprise software. In addition to our R&D centres in Brisbane and Perth, we have offshore R&D centres in Indonesia and Vietnam, allowing us to extend our capability and better support our customers and existing products.

Our developers are leaders in their field who challenge conventional thinking and go beyond the traditional realms of development methodology. Our state-of-the-art R&D centre and initiatives are designed to foster collaboration, creativity and innovations that provide the platform for our future growth.

Collaborative facilities and technology

To support new ways of working and adapt to the impacts of COVID-19, we have seen an increase in remote working among our team members over the last few years. As we begin to emerge from the pandemic, our focus has been on ensuring we can maintain that flexibility, and also provide an environment conducive to learning, collaboration and in-person collisions that spark innovation, which is at the heart of our culture.

To support this, we have continued to invest in our physical offices, this year opening new offices in Adelaide and Canberra, and signing a number of lease extensions on our offices in other regions.

Our spaces are designed to foster creativity and teamwork, with our Hack Spaces providing a project area for aspiring team members, graduates and employees to innovate and develop world-class software.

With technology and design being at the forefront of the concept, the Village Green social areas provide spaces in our offices to showcase the ongoing accomplishments and achievements of the company in an environment that reflects our products and values.

This combination of company-led flexible working and in-person collaboration has allowed us to maintain productivity, drive creativity and honour of our Power of One philosophy, which is contingent on cross-team engagement.

People initiatives to drive employee engagement

In FY21, we invested significantly in employee initiatives that would drive reconnection, collaboration and teamwork, recognising that an extended period of remote working had resulted in many team members missing the dynamic team environment.

Our cornerstone event was our **Company Kick Off,** which was a two-day event that brought all team members across the globe together – both virtually and in person, where possible – to align behind our company strategy and vision for the future. You can read more about our Company Kick Off event on page 59.

To continue the momentum of Company Kick Off, we introduced **One Talks**, a monthly event held on the rooftop of our HQ building and streamed live. One Talks featured a different speaker each month, designed to keep our team up-to-date on the latest news from across the company, from the people doing the work on the ground.

We also introduced **Surprise and Delights**, an initiative aimed at ensuring consistent company and leader-led team activities that would drive team reconnection and build excitement around returning to the office. The Surprise and Delight 'menu' of activities featured team lunches, themed Friday drinks, random acts of kindness and hosted events.

In addition to these new initiatives, we continued our investment in existing employee engagement and recognition initiatives, including **Hack Days, MARVELs, Town Halls** and **Regional Days**.

Hack Days provide employees the opportunity to collaborate across functional teams and work on projects that fall outside their normal day-to-day work. These Hack Days are key to driving our culture of innovation and creativity.

This year, we extended our Hack Day to be a two-day event, which allowed us to better engage with team members across the globe, given the various time zones.

Meanwhile, our **MARVEL** awards celebrate team members who go above and beyond and showcases ordinary people, doing extraordinary things. They are designed to recognise and reward top talent, as part of our achievement-oriented culture.

MARVEL stands for Merit, Achievement, Recognition, Values, Excellence and Leadership. Categories for the MARVEL awards are centred around our key initiatives. These include:

- Leader of the Year
- Compelling Customer Experience of the Year
- Hack of the Year
- Rookie of the Year
- TechnologyOne Superheroes

Winners of the MARVELs receive company-wide recognition, and are inducted into TechnologyOne's League of Extraordinary People.

Our quarterly **Town Hall** meetings provided employees with the chance to hear from our CEO and other TechnologyOne executives about company direction and strategy, as well as ask questions directly that are answered in real time. These were complemented by our Regional Days for Sales and Consulting, where these teams discuss strategy and goals, allowing them to strengthen relationships across regions, teams and projects, and improve engagement across the whole organisation.

Graduate program

Our graduate and intern programs form the foundation of our talent pipeline into the future. Our graduate brand and experience is highly regarded by our peers, competitors and industry bodies alike. We received in excess of 1,000 applications, highlighting the competitive and highly sought-after nature of our program.

Our award-winning graduate program runs across our Software, Sales and Consulting teams. Our newest graduates work across TechnologyOne with the company's most influential and skilled leaders, who provide them with valuable learning opportunities and experience.

CKO

In 2021, we held a Company Kick Off (CKO) event for our entire team to come together and align behind our strategy for the future.

This two-day event provided a unique opportunity for team members to understand the future direction of our business, explore the huge possibilities for delivering innovative solutions for our customers, and immerse themselves in the path to TechnologyOne's future.

Held in May, the tribal event was also hugely successful in reuniting all Australian team members after an extended period of COVID lockdowns and remote working, and allowing them to come together as a team, rather than individual contributors.

For overseas team members unable to travel to Australia due to COVID restrictions, we provided a highly interactive online experience that enabled them to remain involved and engaged in the event.

This initiative has driven our team members to unite behind a common goal, and ensure they understand their role in driving the success of our company strategy moving forward.

Industry partnerships

We are committed to actively fostering a diverse and vibrant information and communications technology (ICT) industry. We want to create interest around this exciting time in Australia's economy and ensure we are engaging early with Australia's youngest and brightest minds in science, technology, engineering and maths (STEM) subjects.

With a focus on diversity and building exceptional female talent pipelines, TechnologyOne partners with Women in Technology and Women in Digital to continue to build our brand recognition and employee value proposition to attract rising female stars to TechnologyOne.

Equal opportunity

TechnologyOne takes diversity and inclusion seriously. We advocate for equal opportunity for all are committed to addressing the shortage of female technology professionals in Australia. To help achieve this, we provide equal pay opportunities for men and women and have a zero-tolerance policy for discrimination and harassment of any kind.

Recruitment and promotion within TechnologyOne are based only on the relevant skills, experience, qualifications, aspirations, potential and aptitude of applicants.

Women make up 36.5 per cent of TechnologyOne's workforce, which is high compared to other technology and software companies globally. However, we are committed to further increasing the representation of women by working with strategic partners to encourage more women to pursue STEM-based careers. In doing so, we play a leading role in growing a more diverse pipeline of future candidates to work in technical fields and at TechnologyOne.

Some key programs TechnologyOne supported this year included the Women in Digital and the Queensland Women in Technology Awards.

Wellness programs

TechnologyOne has a wellness program aimed at encouraging our team members to look after their wellbeing. We have evolved this program in recent years to provide team members impacted by COVID-19 lockdowns and restrictions with creative alternative options, such as a Wellness app, online yoga and strength building sessions so they can keep active in the comfort of their own home.

Our wellness resource hub provides weekly wellness tips, support, videos and material aligned to our overall wellness model – Healthy Minds, Healthy Bodies, Healthy Spaces and Healthy Culture.

This year we also did telephone wellbeing checks in regions affected by extended lockdown periods, and delivered wellness giftboxes to our team members in the UK.

Our Corporate Sustainability scheme

TechnologyOne is committed to managing our business operations in an environmentally responsible manner. Our headquarters in Brisbane's Fortitude Valley has a Six Green Star environmental rating. The building includes numerous environmentally-rated sustainable development features, including 50 per cent more fresh air than standard commercial buildings, carbon dioxide monitoring, external views to maximise daylight, energy-efficient lighting, dedicated exhausts in photocopier areas, a gas-powered generator and a large rainwater collection area on the roof to supply water for the toilets and garden irrigation.

We have achieved Climate Active Carbon Neutral certification, and offset our carbon footprint through the acquisition of certified carbon credits, which have been created through a wind power initiative in India that aims to develop enough power to replace existing coal-fired power plants. This makes TechnologyOne one of only two companies in the Australian technology sector to make this investment and reach this achievement.

Our people are also encouraged to access and adhere to our Environment Policy. It outlines our commitment to providing an environmentally responsible workplace, and ways to engage in sound workplace practices through reducing waste and giving more consideration to the use of energy and resources.

For more information see our Corporate Sustainability Report overview on page 65.

Corporate Sustainability overview

Our customers

99%

Customer retention

- Customer satisfaction and retention
- Data privacy and security

Our people

36.5%

Participation of women, placing us among the best globally in the IT industry

- Talent attraction and retention
- Workplace diversity and inclusion
- Employee engagement and culture
- Employee training and development
- Employee health and wellbeing

Responsible business

0

Total number of people who reported issues concerning Modern Slavery during FY21

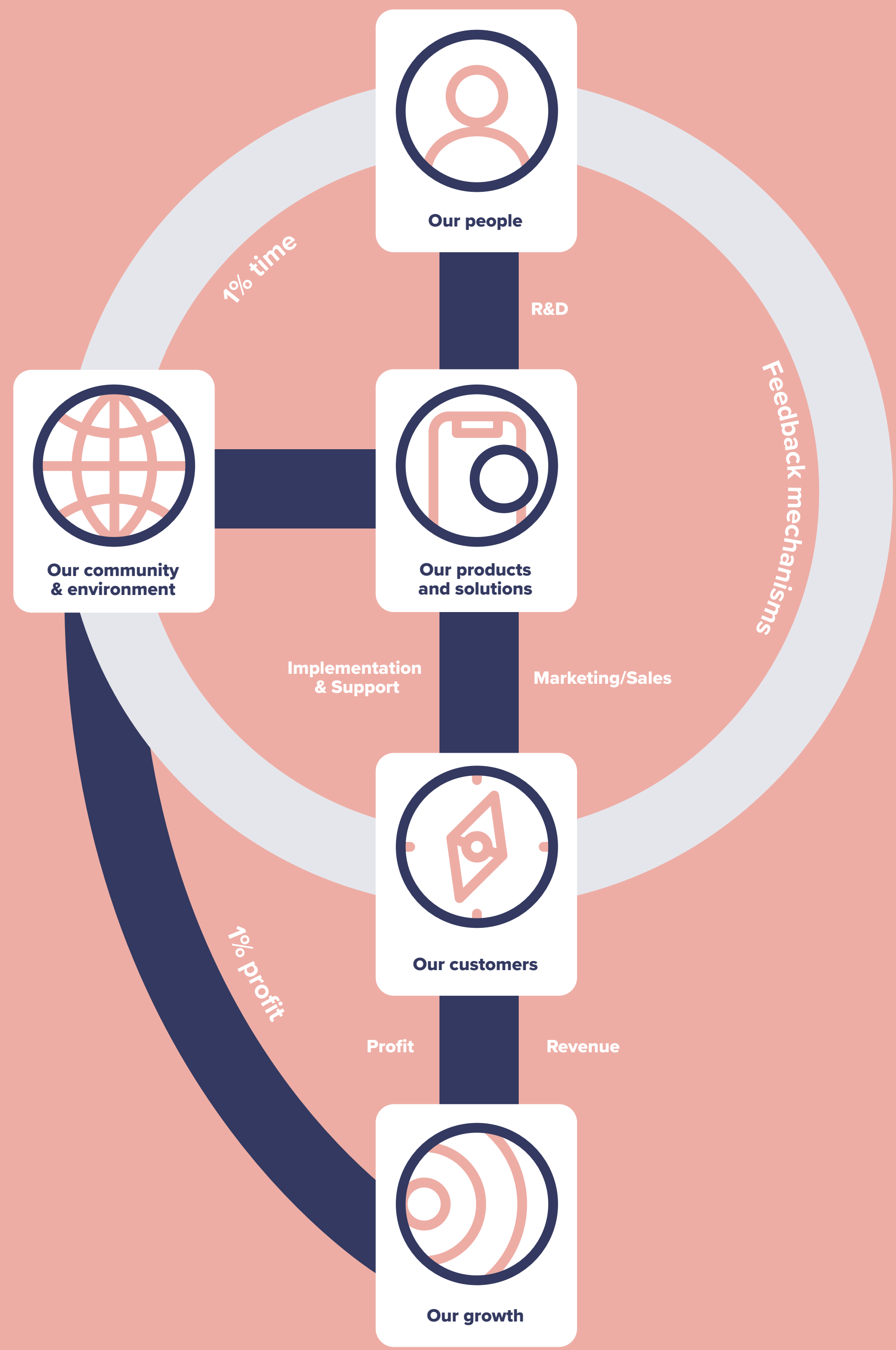
- Ethics, values and transparency
- Innovation
- Compliance

Our community & environment

PLEDGE 1%

- $2m global impact in FY21
- Community investment and education
- Environmental footprint

TechnologyOne's approach to sustainability



For the full Sustainability Report visit our website TechnologyOneCorp.com technologyone | Foundation

unite | donate | participate

Our goal is to lift 500,000 children out of poverty

TechnologyOne Foundation

The TechnologyOne Foundation is dedicated to making a difference to disadvantaged children and families in our communities by empowering them to transform their lives and create their own pathways to success. The Foundation was established in 2016 to ensure that charitable giving would become a long-term initiative for the business, and encourage philanthropy to become part of the company culture. Our Foundation helps great Australians achieve great things and we are committed to long term contributions to our key partners.

The Pledge 1%

The TechnologyOne Foundation is part of the Pledge 1% corporate philanthropy movement, which is dedicated to making the community a key stakeholder in every business. In committing to the Pledge 1% movement, individuals and companies donate 1% of their profit, product and employee's time to their communities.

TechnologyOne donates 1% of annual profit to our charity partners, supporting our vision of changing the future by empowering disadvantaged children and families to transform their lives. This strategic approach to charitable giving enables us to make a bigger difference to the causes we support.

Through the 1% product, our commitment is to donate 1% of new Annual Recurring Revenue each year. This makes it easier for not-for-profit organisations to access our solutions and take advantage of the efficiencies they provide, which in turn extends the impact of their work.

All TechnologyOne team members can also take up to 2.5 days leave each year to volunteer during work hours for charitable organisations. This supports our 1% of time commitment. The Pledge 1% equated to a more than $2 million commitment by the company in FY21.

Our contributions have helped children access education right across the globe - from refugee children right here in Brisbane to students in Tanzania. We are proud of the impact we make through our long-term commitments to charitable organisations, helping families escape the cycle of poverty.

The year in summary

$640,000
donated to our charity partners

$204,000
worth of product discounts to NFPs

3795 hours
of volunteering, equating to
474 days

THE AUSTRALIAN BUSINESS AWARDS ® ABA100 COMMUNITY CONTRIBUTION WINNER 2021

Queensland Volunteering Awards 2021

Welcomed
KidsCan & St James Bursary Fund partnerships

$20,000
supporting disadvantaged youth impacted by COVID-19

27
charities supported worldwide

900
Solar Buddies built in record time

Our key charity partners

Designs, delivers and scales innovative financial solutions that help families living in extreme poverty build sustainable livelihoods and access quality education for their children.

Providing a free, high-quality education to children in poverty and with social pressures in Tanzania to complete their schooling.

Treats, trains and equips the local communities to expand the reach of eye care services, ensuring the poorest and most marginalised groups, including children, can access free or low-cost care.

Providing a broad range and far-reaching social services to diverse people experiencing hardship or injustice, including youth support, accommodation services, addiction recovery, emergency relief and financial counselling.

Uniting a global community to gift six million solar lights to children living in energy poverty by 2030, to help them to study after dusk and improve their education outcomes.

Helping disadvantaged Australians to get the most out of their education to create better futures for themselves.

Bursary Endowment Fund - Providing an extensive tertiary education pathway to an array of cultural, socio-economic, and academic backgrounds.

How we're making a difference over time

54,159 children and families

in partnership with **Opportunity International Australia**

5,193 lights

in partnership with **SolarBuddy**

1,960 children through education, rehabilitation & energy housing

in partnership with **The Salvation Army**

1800 youth are on pathways out of poverty

in partnership with **The School of St Jude**

54,934 children through screening, glasses & eye surgery

in partnership with **The Fred Hollows Foundation**

131 young lives are directly impacted helping them break the cycle of poverty.

in partnership with **The Smith Family**

Provided food, clothing and health products for **25** disadvantaged Kiwi pre-schoolers

in partnership with **KidsCan**

Our work with Opportunity International Australia

Through our donations to and partnership with the microfinance group Opportunity International Australia, we are transforming communities and helping families. We aim to lift 500,000 children and their families over a 15-year period.

As a result of this partnership, families in India can access small loans to enable them to build businesses. This will also help them to earn regular incomes to support themselves, as well as feed, clothe and educate their children.

With funds for initiatives such as starting a shop or buying seeds for a vegetable farm, families can transform their lives and their children's futures. Further, because 98 per cent of the small loans are repaid and recycled, the impact creates a positive ripple effect in their communities as more jobs are created. Those jobs might include delivering goods or helping with sewing and weaving orders.

Boosting local communities

With more income and therefore more money to spend on items such as food and transport, families who used to live in poverty become active participants in their local economies. This benefits the providers of those products and services, who are themselves often entrepreneurs.

This virtuous cycle ensures that microfinance provides a long-term boost to economies and helps to develop self-sustaining communities more so than one-time handouts.

Creating change

Micro-entrepreneurs are also able to use their influence to bring about positive changes in their communities. With the confidence that comes with having their own businesses, people can begin to seek better infrastructure or educational facilities from government, or bring local families together to take on community projects.

Our support to date, with the benefit of leverage and recycling of funds, has helped 54,159 children and their families to free themselves from poverty.

Opportunity believes that every person has the right to reach their potential. Just like us, people living in poverty have dreams and hopes. But while talent is universal, opportunity is not.

Our giving to Opportunity is changing that equation.

Financial statements

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Company) consisting of Technology One Limited and the entities it controlled at the end of, or during, the year ended 30 September 2021.

The following persons were Directors of Technology One Limited during the financial year and up to the date of this report:

Adrian Di Marco

B Sc, MAICD, FACS | Appointed 8 December 1999

Experience and expertise

Mr Di Marco founded TechnologyOne in 1987, to build ERP software based on new and emerging technologies, that was configurable and did not require software customisation. Mr Di Marco has over 40 years' experience in the software industry. He was CEO of TechnologyOne up until 2017.

Mr Di Marco has played a major role in promoting Australian IT, and is a past Director of the Australian Information Industry Association, the industry's peak body. He has been a director of numerous IT companies.

Mr Di Marco is a supporter of Venture Capital and has invested in 30+ early stage tech companies in Australia and overseas.

He has been actively involved in charitable organisations, and is a past Director of the Royal Children's Hospital Foundation Board. He established TechnologyOne foundation in 2015.

Mr Di Marco has received recognition for his contribution to IT including the Pearcey Award for pioneering achievement, the Tony Benson award for outstanding contribution to IT and the Australian Computer Society award in recognition of distinguished contribution to ICT.

He was inducted into the Pearcey Hall of Fame in 2015.

He remains a major shareholder of TechnologyOne.

Special Responsibilities

Board Chair and Chief Strategy and Innovation Officer.

Interests in shares and options

17,372,500 ordinary shares in Technology One Limited held beneficially through Masterbah Pty Ltd. 6,000 ordinary shares in Technology One Limited held on behalf of family members. In addition, a relationship deed exists between Masterbah Pty Ltd and JL Mactaggart Holdings Pty Ltd (founding shareholders) – Masterbah Pty Ltd exercises voting rights only in respect of 26,872,500 securities and an escrow arrangement applies to 14,000,000 of those securities. There are no other beneficial rights incumbent on these shares other than voting rights.

Pat O'Sullivan

CA, MAICD
Appointed 2 March 2021

Experience and expertise

Mr O'Sullivan is a Chartered Accountant and has worked across a wide range of industries both as an executive and non-executive director. His last executive role was the Chief Operating Officer and Finance Director of Nine Entertainment Co Pty Limited, a position he held from February 2006 until June 2012 and prior to that he was the Chief Financial Officer of Optus for five years.

He is currently Chairman of carsales.com and SiteMinder and Deputy Chair of Calvary Health. He is chairman of the Audit and Risk Committees at Calvary Health and he is also a member of their Remuneration and Nomination Committees. His previous ASX non-executive director roles include iiNet, iSelect, APN Outdoor, iSentia, Marley Spoon and Afterpay.

Mr O'Sullivan is a member of The Institute of Chartered Accountants in Ireland and Australia.

He is a graduate of the Harvard Business School's Advanced Management Program.

Special responsibilities

Board Deputy Chair & Lead Independent Director and member of Audit & Risk Committee

Interests in shares and options

15,509 ordinary shares held in Technology One Limited.

Richard Anstey

FAICD, FAIM | Appointed 2 December 2005

Experience and expertise

Mr Anstey's career has spanned over 40 years. His first company, Tangent Group Pty Ltd, established a strong reputation for the development of software products and strategic management consultancy for the banking and finance sector.

With the sale of Tangent, he then co-founded InQbator/iQFunds in 2000, an early stage investment group focussed upon the technology, telecommunications and life sciences sectors.

Through iQFunds and personally, Rick has co-invested in more than 30 companies with the support of Commonwealth Government programs, Venture Capital Funds and both corporate and personal investors. While being an active Non-Executive Director of his investments, Richard has added value wherever appropriate to maximise shareholder value and has also been actively involved in the trade sale of seven companies to organisations in the US, Europe and Australia. Mr Anstey is a Board member of Queensland University of Technology-Entrepreneurship (a university-wide initiative with global collaborations, turning ideas into reality), a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management. Mr Anstey now continues his career in venture capital and corporate advisory roles as a founder of iQ360 Pty Ltd.

Special responsibilities

Chair of the Nomination and Governance Committee.

Interests in shares and options

30,000 ordinary shares in Technology One Limited held beneficially through the Anstey super fund.

Jane Andrews

GAICD PhD
Appointed 22 February 2016

Experience and expertise

Dr Jane Andrews joined the Board in 2016, bringing more than 15 years leadership experience in research and innovation-based organisations.

As a founder and investor in numerous innovative companies, Dr Andrews has extensive experience in corporate strategy, entrepreneurship, commercialisation, innovation, research and development.

Dr Andrews is a Graduate of the Australian Institute of Company Directors, holds a PhD in Life Sciences, a Bachelor of Science (First Class Honours) and a Graduate Diploma in Applied Finance and Investment.

Special responsibilities

Chair of the Remuneration Committee, member of Audit and Risk Committee and Nomination and Governance Committee.

Interests in shares and options

30,600 ordinary shares held in Technology One Limited.

Sharon Doyle

B Laws (Hons), B IT (Dist), G Dip Bus Admin, GAICD | Appointed 28 February 2018

Experience and expertise

Ms Doyle is the Executive Chair and majority owner of corporate advisory firm, InterFinancial Corporate Finance Limited. She has successfully navigated technology companies through the challenges of steep global growth curves, with a strong understanding of the dynamics in Software as a Service (SaaS).

Ms Doyle's leadership of InterFinancial has seen her develop a core practice providing strategic advice for technology and other IP-rich, high-growth companies. She also has extensive international experience managing merger, acquisition and private equity processes across the technology industry.

Ms Doyle was previously Vice President at Mincom, one of Australia's most successful enterprise software companies. Ms Doyle is a Non-Executive Director at Auto & General. She holds a Bachelor of Laws (Hons) and Bachelor of Information Technology (Dist.) from the Queensland University of Technology, as well as a Graduate Diploma of Business Administration from the University of Queensland. She is a qualified member of the Australian Institute of Company Directors.

Special responsibilities

Member of the Audit and Risk Committee and Nomination and Governance Committee.

Interests in shares and options

18,280 ordinary shares in Technology One Limited.

John Mactaggart

FAICD
Appointed 8 December 1999

Experience and expertise

Mr Mactaggart's experience spans industries such as agriculture, agri-tech, manufacturing and software. He co-founded the Australian Association of Angel Investors Limited, is a co-founder of Brisbane Angels and was the Australian representative of the World Business Angels Association. Mr Mactaggart played an integral role in the creation, funding, and development of TechnologyOne and remains a major shareholder. Mr Mactaggart has been a Fellow of the Australian Institute of Company Directors since 1991.

Interests in shares and options

26,872,500 ordinary shares in Technology One Limited held beneficially through JL Mactaggart Holdings Pty Ltd. 30,000 ordinary shares in Technology One Limited held via the Jontra trust.

Clifford Rosenberg

B Bus Sc (Hons), MSc (Hons)
Appointed 27 February 2019

Experience and expertise

Mr Rosenberg has more than 20 years' experience leading change and innovation in technology and media companies. As the former Managing Director of LinkedIn for Australia, NZ and South-East Asia, Mr. Rosenberg started the Australian office in 2009 and oversaw the expansion of LinkedIn in Australia from 1 million members in 2009 to more than 8 million members in 2017. Previously, he was Managing Director at Yahoo! Australia and New Zealand, and prior to that role he was the founder and Managing Director of iTouch Australia NZ where he grew the Australian office to one of the largest mobile content and application providers in Australia.

Mr Rosenberg has more than seven years' experience on the boards of publicly listed companies. His directorships include Nearmap (ASX: NEA), A2B Australia Limited (ASX: A2B) and Bidcorp (JSE: BID). Cliff was also a Non-Executive Director with Dimmi (online reservations company bought by Tripadvisor.com in May 2015). He holds a Bachelor of Business Science (Hons) from the University of Cape Town and a Masters of Science (Hons) from the Universitat Ben Gurion Ba-Negev.

Special responsibilities

Member of Remuneration Committee

Interests in shares and options

27,533 ordinary shares held in Technology One Limited held beneficially through Clifro Pty Ltd ATF Cliffro Trust.

Ron McLean

Appointed 8 December 1999

Experience and expertise

Mr McLean has more than 40 years' experience in the enterprise software industry including holding Senior Executive and Managing Director roles in several international and Australian software companies.

His involvement in the enterprise software industry has included leading and managing software development, consulting and sales and marketing teams.

Mr McLean joined the Board as a Non-Executive Director in 1992, was appointed as the General Manager in 1994, Chief Operating Officer in 1999 and was promoted to Chief Executive Officer of Operations in 2003.

Mr McLean retired from this role at TechnologyOne on 15 July 2004 and remains a Non-Executive Director.

Special responsibilities

Member of the Remuneration Committee.

Interests in shares and options

69,737 ordinary shares in Technology One Limited held beneficially through RONMAC Investments Pty Ltd.

Peter Ball

B Bus, CA
Appointed 2 March 2020

Experience and expertise

Mr Ball is a Chartered Accountant who has enjoyed a long career in the professional services sector spanning nearly 40 years, initially in audit both nationally and internationally, with the last 30 years in management consulting. Peter was a Partner with KPMG for some 25 years providing a range of professional services and advice to both public and private sector organisations. He has also held senior roles with KPMG including the national leader of KPMG's Strategic Planning and Economic Development service line and more recently as national partner responsible for the finance and operations for KPMG's Government Advisory Practice.

Most of Peter's work involves providing strategic, economic, commercial and business improvement advice to enable organisations to make fully informed business decisions.

During his management consulting career Peter has worked across a number of industries including tourism and leisure, gaming and wagering, arts and sports, and state and local governments.

Peter has an entrepreneurial spirit and has been involved with a number of start-ups across a range of sectors including property, education, gaming and the pharmaceutical sector. He is also actively involved in the community/not for profit sector having been a Director of Alzheimer's Queensland for the past 10 years.

Special responsibilities

Chair of the Audit & Risk Committee.

Interests in shares and options

21,900 ordinary shares held in Technology One Limited held beneficially through the Noosa Hill Super Fund.

Company Secretaries

Stephen Kennedy

B Bus, FGIA, JP (Qual)
Appointed 13 April 2017

Mr Kennedy was appointed Company Secretary on 13 April 2017 and has been employed with TechnologyOne since January 2017.

Paul Jobbins

B Bus (ACA), CA, GDipAppFin, MAppFin, GAICD
Appointed 16 December 2019

Mr Jobbins is the TechnologyOne Chief Financial Officer and EVP - Corporate Services and was appointed as Company Secretary on 16 December 2019.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 September 2021, and the numbers of meetings attended by each Director were:

	Full meetings of Directors (Board)	Meetings of committees		
		Audit	Nomination	Remuneration
A Di Marco	11	-	-	-
R McLean	11	-	-	3
J Mactaggart	10(11)	-	-	-
K Blinco	5(5)	4(4)	-	-
R Anstey	10(11)	-	4	-
J Andrews	11	6	4	3
S Doyle	11	6	4	-
C Rosenberg	11	-	-	3
P Ball	11	6	-	-
P O'Sullivan	6(6)	1(1)	-	-

Where a Director did not attend all meetings of the Board or relevant committee, the number of meetings for which the Director was eligible to attend is shown in brackets. In sections where there is a dash, the Director was not a member of that committee.

Principal activities

The principal activity of Technology One Limited (the Company) during the financial year was the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions, including:

- TechnologyOne Enterprise Asset Management
- TechnologyOne Financials
- TechnologyOne Human Resource and Payroll
- TechnologyOne Enterprise Budgeting
- TechnologyOne Supply Chain
- TechnologyOne Property and Rating
- TechnologyOne Student Management
- TechnologyOne Business Intelligence
- TechnologyOne Enterprise Content Management
- TechnologyOne Performance Planning
- TechnologyOne Spatial
- TechnologyOne Enterprise Cash Receipting
- TechnologyOne Stakeholder Management
- TechnologyOne Business Process Management
- TechnologyOne Timetabling and Scheduling (Syllabus Plus)

Dividends

Dividends paid to members during the financial year were as follows:

Ordinary shares	2021 $'000	2020 $'000
Final dividend for the year ended 30 September 2020 of 9.41 Cents (2019 - 8.78 Cents) per fully paid share paid in December 2020 (2019 - December 2019) 60% franked (2019 - 75%) based on tax paid at 30%	30,225	27,930
Interim dividend for the year ended 30 September 2021 of 3.82 Cents (2020 - 3.47 Cents) per fully paid share paid in June 2021 (2020 - June 2020) 60% franked (2020 - 60%) based on tax paid at 30%	12,279	11,058
Total dividends paid	**42,504**	**38,988**

Review of operations

Please refer to Letter to Shareholders on page 15.

Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs during the financial year.

Matters subsequent to the end of the financial year

On 23 November 2021, the Directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is $32,454,363 and is 60% franked.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Likely developments

Please refer to Letter to Shareholders on page 15.

Indemnification and Insurance of Officers

Insurance and indemnity arrangements concerning officers of the Company were renewed or continued during the year ended 30 September 2021.

An indemnity agreement is in place between TechnologyOne and each of the Directors of the Company named earlier in this report and with each full-time Executive officer and secretary of the Company. Under the agreement, the Company has indemnified those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities.

TechnologyOne paid an insurance premium in respect of a contract insuring each of the Directors of the Company named earlier in this report and each full-time Executive officer and secretary of the Company, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

Non-audit services

Non-audit services provided by the Company's auditor, Ernst & Young, in the current financial period and prior financial year included taxation advice and other advisory services. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the Company and its related practices:

	2021 $	2020 $
Ernst and Young:		
Taxation advice and other advisory services	170,131	148,290
Total remuneration	**170,131**	**148,290**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 147.

Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Environmental regulation

TechnologyOne has assessed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The outcome of the assessment is discussed in the section below.

TechnologyOne's Climate change position

While the TechnologyOne operations do not have a material impact on the environment, we acknowledge that it is the changing attitude of many that will have a material impact on reducing climate change.

Climate change is both an environmental and economic issue. TechnologyOne accept the science of climate change and are committed to contributing to the decarbonisation of the Australian/Global economy. Given the growing economic and social importance of the IT sector and its integral role in the decarbonisation of the economy, public disclosures on transition and climate-related risks and opportunities are fundamental. We acknowledge climate change as a risk that may impact our operational and financial performance. Therefore, TechnologyOne seeks to fulfil the recommendations of the TCFD.

To support our first TCFD disclosure, we've completed a high-level review of our practices and the current alignment of disclosures with the TCFD recommendations. Our approach included benchmarking, using high level risk assessment and management review and identification of potential climate-related risks and opportunities.

We understand, as we begin our journey to better assess and integrate climate-related risk that this is a dynamic process, requiring evolution and iteration. This initial, high level review has identified a range of opportunities to further develop and strengthen our approach to climate change risks in future going forward.

Climate Governance

TechnologyOne's broader focus on environmental, social and governance factors (ESG) is overseen by the Nomination & Governance Committee. The responsibility for implementing ESG sits with each Business Division, facilitated by our Group Company Secretary and Head of Compliance and Risk.

TechnologyOne's Board of Directors will ensure that climate-related risks are incorporated into the Company's strategy and risk management framework.

Climate Strategy

To further understand the impact that climate change could have on our business we performed a high-level qualitative assessment of the impact of 2°C and 4°C global warming scenarios on our current business model.

Under the 2°C scenario our key risks include reputational and legal risks associated with a lack of climate risk disclosure, as well as financial risks due to energy use and carbon pricing.

Under the 4°C scenario key aspects of the risks relate to physical damage, network disruptions, missed sales opportunities and health impacts on our staff.

Climate Risk Management

We aim to ensure that our risk management process is dynamic and that the top climate change risks and emerging risks, as they evolve, are identified, managed, and incorporated into our existing risk management processes.

TechnologyOne aims to develop actions and procedures that seek to prevent and reduce climate-related risks, notably our strategy aims to reduce our greenhouse gas emissions (GHG) and decarbonise our activities.

Our GHG decarbonisation strategy involves three phases:

Phase 1: measure (understand the key emission sources)

Phase 2: manage and minimise (reduce energy consumption and associated carbon emissions where practicable)

Phase 3: offset (all or a proportion of our carbon emissions)

Climate Metrics and targets

TechnologyOne conducted a greenhouse gas assessment in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard and Corporate Value Chain.

TechnologyOne's total emissions for FY21 amounted to 5,513.3 tonnes of carbon dioxide equivalent, with Scope 3 emissions being the key contributor (87% of net GHG).

Our carbon footprint from combined third-party services and utilities is a significant contribution to our overall emissions.

We aim to use any arising opportunities to reduce our emissions (e.g. COVID-19 resulted in a significant advancement in video-conferencing making it possible to reduce our GHG emissions associate with air travel). TechnologyOne is proud to say it is carbon neutral for the second year running and has achieved an 18% reduction in greenhouse gas emissions. Refer to published Sustainability Report for further TCFD related information.

Share options

Unissued shares

As at the date of this report, there were 4,303,812 unissued ordinary shares under options (4,303,812 at the reporting date).
Refer to note 33 for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company.

Shares issued on the exercise of options

During the year, employees and Executives have exercised options to acquire 2,268,446 fully paid ordinary shares in Technology One Limited at a weighted average exercise price of $4.67. Refer to note 33 for further details of the options exercised during the year.

Corporate Governance Statement

The most recent Corporate Governance Statement can be located at the Group's Website (www.technologyonecorp.com).

This report is made in accordance with a resolution of Directors.

A. Di Marco

Adrian Di Marco
Executive Chairman

Brisbane
23 November 2021

Remuneration Report (Audited)

Introduction from the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of TechnologyOne's Remuneration Committee (the Committee), I am pleased to present our Remuneration Report for the year ended 30 September 2021.

The intention of this report is to describe the linkage between our strategic initiatives, remuneration principles and remuneration framework and how these in turn, drive shareholder returns.

The primary objective of the Committee is to ensure that we align Key Management Personnel (KMP) financial rewards with shareholder interests and our business strategy, whilst ensuring that we attract and retain exceptional Executives, Directors and Employees who are collectively responsible for delivering long-term profitable growth and sustainable shareholder returns. This report provides a:

- Summary of incentive outcomes and alignment to Company performance
- Response to First Strike
- Remuneration framework changes during FY21

Summary of incentive outcomes and alignment to Company performance

This report demonstrates a clear alignment between executive remuneration and shareholder value creation.

As COVID-19 continues the company delivered exceptional results as follows:

- SaaS ARR growth of 43%
- Consulting profit growth of 14%
- The UK achieving profit of $1.6m
- Net profit after tax growth of 15%

In summary:

- Total Executive KMP remuneration, grew by 12% year on year. This is below the Company's 19% growth in net profit before tax (NPBT).
- Fixed Remuneration for Executive KMP was not increased in FY21.
- Short Term Incentive (STI) outcomes across our Executive KMP was up 18% in line with growth in reported NPBT of 19%. STIs have been consistently calculated on Executive NPBT across FY20 and FY21. Executive NPBT has always been the basis for STI calculation.
- Deferred STI earned and deferred was up 18% in line with growth in reported NPBT of 19%.
- Our Long-Term Incentive (LTI) plan resulted in 99% of 'at risk' LTI vesting for our Executive KMP. The Board set challenging LTI targets, which drive superior performance and long-term shareholder wealth creation.
- The Board considered whether any discretion on incentive outcomes was warranted during FY21 and concluded that there was no reason to adjust remuneration outcomes as they aligned to shareholder experience and Board expectations of performance given market conditions.

It is important to note KMP remuneration in FY20 was calculated on reported NPBT, rather than underlying NPBT, which is the same as FY21. When comparing growth in STI and Total Remuneration to growth of the results, reported NPBT should be used not underlying NPBT.

Response to First Strike

At the AGM on 22nd of February 2021, whilst the majority of votes were cast in favour (61.7%) of the adoption of the 2020 Remuneration Report, there were 38.3% of votes cast against, constituting a 'first strike' under the Corporations Act 2001.

Proxy adviser and shareholder feedback indicated this was as a result of the Board applying discretion to allow for full vesting of a portion of KMP LTI that related to FY20 performance. The Board exercised discretion for options tranches with a FY20 test, given exceptional performance of the KMP during previously unforeseen circumstances, (i.e. the global COVID pandemic). It is important to note the LTI targets were set before COVID, and were both unrealistic and unfair under these circumstances, and so the Board exercised discretion to rectify the situation. It should be noted the company delivered record revenue (up 4%), record profit (up 8%) and record SaaS ARR growth (up 32%) in FY20. It should also be noted this was the first time, in 33 years, the Company had ever exercised Board discretion.

There has been no Board discretion exercised in FY21.

In FY21 we have also undertaken a detailed review of our Executive Remuneration Framework, in collaboration with an independent executive remuneration advisor, and engaged with shareholders and proxy advisors to understand and address any ongoing concerns.

Changes in FY21

The review of our remuneration framework and remuneration report disclosures resulted in the following changes for FY21:

- Improved readability of the Remuneration Report based on suggestions from proxy advisors and shareholders
- Clarifying that the Malus provision (previously disclosed as 'claw back') for the Deferred STI and LTI involves the Remuneration Committee considering whether or not the Executive KMP has upheld expectations (e.g, as per our code of conduct) and if there are any irregularities or unintended outcomes that would affect the vesting of an award.
- Clarifying that the Retention Bonus is actually an STI deferral component. This is a long-term deferral to ensure alignment with expectations of shareholders and to encourage staff retention. It has been renamed to be Deferred STI and is disclosed separately throughout the Report.
- Disclosing progress against our mandatory shareholding requirement for Non-Executive Directors.

TechnologyOne remains focused on delivering its growth promises and we believe that our current remuneration structure positions us well to continue providing our shareholders with strong returns, both in the short and long-term, as well as ensuring alignment across our Executive KMP. We will continue to have ongoing dialogue with proxy advisors and our shareholders to evolve our framework as well as its presentation in the remuneration report.

Jane Andrews

Jane Andrews
Chair, Remuneration Committee

Brisbane
23 November 2021

Remuneration Report (Audited)

The remuneration report contains the following sections.

1. About this report
2. Remuneration governance
3. Executive remuneration at TechnologyOne - strategy, principles, and target mix
4. How Executive remuneration is structured
5. Key questions
6. Relationship between remuneration and Company performance
7. Detail of current year Executive remuneration and performance
8. Non-executive Director fees
9. Service agreements for the Executive KMP
10. Detail of Executive remuneration for FY21
11. Statutory Remuneration
12. Additional statutory disclosures

1. About this report

1.1 Basis for preparation of FY21 Remuneration Report

The information in this Remuneration Report has been prepared based on the requirements of the Corporations Act 2001 and applicable accounting standards.

The Remuneration Report is designed to provide shareholders with a clear and detailed understanding of TechnologyOne's remuneration framework, and the link between our remuneration policies and Company performance.

The Remuneration Report details the remuneration framework for TechnologyOne's Key Management Personnel (KMP). For the purpose of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of TechnologyOne, directly or indirectly, including any Director (whether Executive or otherwise).

This report has been audited.

1.2 People covered by the Remuneration Report

The Remuneration Report discloses the remuneration arrangements and outcomes for those individuals who we have determined to meet the definition of KMP under AASB 124 Related Party Disclosures. The below table summarises each KMP, their position and term as KMP.

Non-executive Directors		Status
Ron McLean	Independent Director Remuneration Committee	Full year
John Mactaggart	Non-independent Director Major shareholder	Full year
Richard Anstey	Independent Director Nomination and Governance Committee Chair	Full year
Dr Jane Andrews	Independent Director Remuneration Committee Chair Audit and Risk Committee Nomination and Governance Committee	Full year
Sharon Doyle	Independent Director Audit and Risk Committee Nomination and Governance Committee	Full year
Clifford Rosenberg	Independent Director Remuneration Committee	Full year
Peter Ball	Independent Director Audit and Risk Committee Chair	Full year
Pat O' Sullivan	Deputy Chair and Lead Independent Director Audit & Risk Committee	Appointed 2 March 2021
Kevin Blinco	Independent Director Audit and Risk Committee	Resigned 23 February 2021
Executive Director		
Adrian Di Marco	Executive Chair Chief Strategy and Innovation Officer Major shareholder	Full year
Executive KMP		
Edward Chung	Chief Executive Officer	Full year
Stuart MacDonald	Chief Operating Officer	Full year
Paul Jobbins	Chief Financial Officer	Full year

2. Remuneration governance

The Remuneration Committee is responsible for developing the remuneration framework for TechnologyOne Executives and making recommendations related to remuneration to the Board. The Committee develops the remuneration philosophy and policies for Board approval.

The responsibilities of the Committee are outlined in their Charter, which is reviewed annually by the Board.

The key responsibilities of the Committee include:

- Advising the Board on TechnologyOne's policy for Executive and Director remuneration
- Making recommendations to the Board on the remuneration arrangements for Executives and Directors to ensure they are aligned with TechnologyOne's vision and are set competitively to the market
- Approving KMP terms of employment

In making recommendations to the Board, the Committee reviews the appropriateness of the nature and amount of remuneration to Executives and Directors on an annual basis.

Prior to the award or vesting of any deferred remuneration including deferred Short Term Incentives (STI) and Long Term Incentives (LTI), the Committee will consider whether there are any irregularities or other factors that would affect the payment or vesting of that award. This is a formal agenda item for the Remuneration Committee.

During the year the Committee engaged an external advisor to review the Remuneration Report. No remuneration recommendations as defined under the Corporations Act (2001) Sect 9B were provided.

Executive Remuneration at TechnologyOne- strategy, principles, and target mix

3.1 Our remuneration strategy and principles

At TechnologyOne, our remuneration strategy is aligned with our vision of "transforming business, making life simple". The Board believes that in order to deliver on our vision and build long-term shareholder growth, TechnologyOne must have a remuneration framework that allows it to compete for talent both locally and globally in a highly competitive and fast-moving environment and against companies such as Oracle, SAP and Workday, as well as other Australian software companies.

The remuneration principles that underpin our remuneration strategy and framework are:

- Attract, retain and motivate skilled Directors and Executives in leadership positions
- Provide remuneration which is appropriate and competitive both internally and against comparable companies (our peers)
- Align Executives' financial rewards with shareholder interests and our business strategy
- Achieve outstanding shareholder wealth creation
- Articulate clearly to Executives the direct link between individual and group performance, and individual financial reward
- Reward superior performance, while managing risks
- Provide flexibility to meet changing needs and emerging competitive market practices
- Commitment to diversity, reflecting a fair and equitable remuneration framework
- Commitment to simplicity

Our Executive remuneration framework aligns with common practices for ASX200 companies, with adaptations to meet the demands of the enterprise software market. Relative to our ASX-listed peers, our Executives receive:

- Relatively low fixed remuneration to enable a greater emphasis on performance
- Relatively large at-risk STI portion aligning Executives to current year performance
- Deferred STI component to help further drive long-term shareholder wealth and ensure that we retain high performing Executives
- LTI linked to long-term strategy, targets, and shareholder wealth creation

The winning of new business, driving continued profit growth in the current year is the key to our long-term success, and it is for this reason our STI as a percentage of the total remuneration is significantly higher than our ASX-listed peers. At the same time, the fixed remuneration for our Executives is comparatively low compared to our ASX-listed peers. The significant weighting towards the STI encourages our Executives to drive new business and financial performance in the current year, which creates Annual Recurring Revenue (ARR)[1] for future years, and therefore long-term success and shareholder wealth.

TechnologyOne Executives are exposed to the long-term outcomes of the business through the Deferred STI and a larger LTI component than our ASX-listed peers.

The talent pool in Australia for Executives with large scale enterprise software companies is highly competitive. Therefore, it is important to ensure that our remuneration framework is appropriately structured for the enterprise software market. We believe that our remuneration structure offers the necessary flexibility and incentive to ensure that we attract and retain talented Executives who understand the industry and, in turn, drive shareholder value.

3.2 Overview of remuneration framework

The remuneration arrangements of our Executives are made up of both fixed and at-risk remuneration (STI and LTI), as follows:

	Fixed remuneration	Short-term incentive (STI)	Deferred Short-term incentive (STI)	Long-term incentive (LTI)
Nature	Base salary plus superannuation.	Defined as payments contingent on a one year performance period.	An amount equal to 25% of the annual STI earned in the year is deferred (i.e. 20% of total STI) and paid at the conclusion of the two-year period following the end of the financial year.	Defined as payments contingent on performance over more than one year. Options and performance rights are subject to meeting performance targets tested over three years
Form	Cash	Cash	Cash	Equity
Purpose	To provide a competitive salary based on market benchmarking from the Remuneration Committee	Drives outstanding performance in the short-term which in turn translates to long-term shareholder wealth.	Deferral enables risk management via Malus Provision and encourages retention.	Creates a focus on long-term performance, with alignment to long-term shareholder wealth creation.
Performance targets	N/A	Percentage of applicable Executive Net Profit Before Tax (NPBT)	Percentage of STI awarded.	• Relative TSR (25%) • EPS growth (75%)
Performance period	N/A	Annual.	Deferred STI is accrued over a three-year period- comprising the annual performance period in which it is determined and a deferral period of two years of service. The Deferred STI component is subject to a Malus Provision in that there must be no irregularities or other factors that would affect the payment of that award.	Three years. The LTI component is subject to a Malus Provision in that there must be no irregularities or other factors that would affect the vesting of the award.

[1]ARR is not an IFRS measure and is unaudited, it represents future contracted annual revenue at year end.

Target remuneration mix

Target remuneration mix at the beginning of the contract for the CEO (Table 1), and other Executive KMP (Table 3) is represented below, based on target STI achievement and maximum LTI achievement. Over time, the remuneration mix is expected to change due to a larger increase in STI relative to other remuneration components. The below represents the target contract remuneration mix for the CEO at the beginning of a contract (Table 1) and demonstrates how remuneration mix changes over time (Table 2).

Table 1. Target CEO remuneration mix (start of contract target)

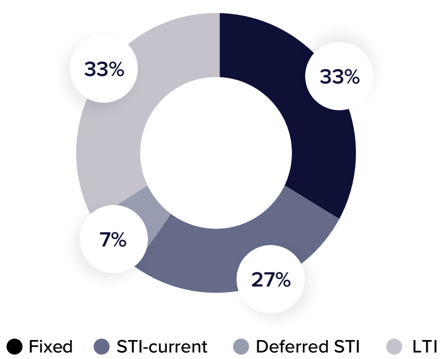
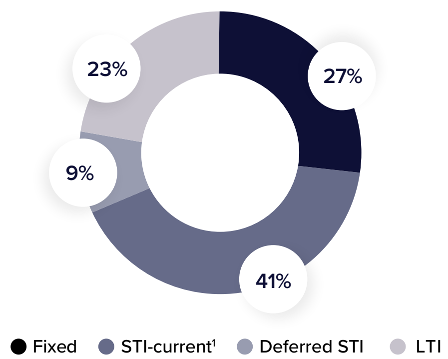


Table 2. CEO remuneration mix FY21



The below represents the target contracted remuneration mix for other Executive KMP at the beginning of a contract (Table 3) and demonstrates how remuneration mix changes over time (Table 4).

Table 3. Target Executive KMP remuneration mix (start of contract target)

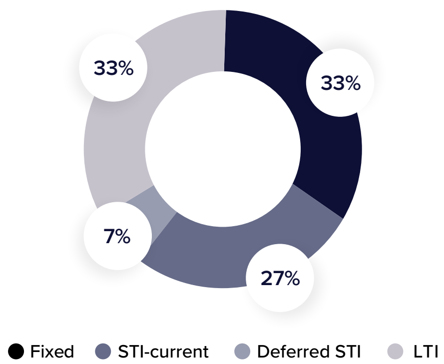
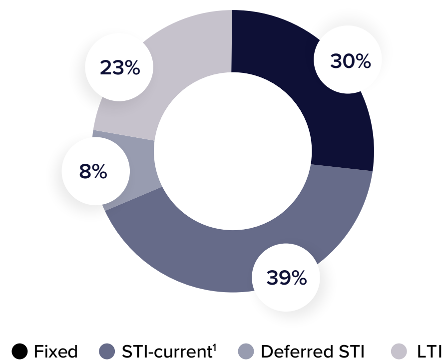


Table 4. Executive KMP remuneration mix FY21



While the STI is the largest component of remuneration, Deferred STI encourages executives to have a sustainable long term mindset when approaching profit generation and when this component is summed with the LTI component, the long term elements of variable remuneration work well in conjunction with the short term elements.

We have reported separately the remuneration mix for our Executive Chair (Table 5). The Executive Chair was offered an LTI of $400,000 which he declined as he has in previous years. The Remuneration Committee recognises that Mr Di Marco's total remuneration is substantially below that of comparable companies. The Remuneration Committee acknowledges that Mr Di Marco's significant shareholding in TechnologyOne provides the benefits that the LTI aims to achieve.

Table 5. Target Executive Chairman remuneration mix

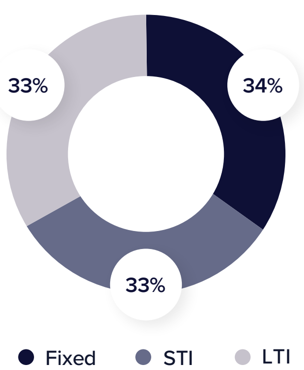
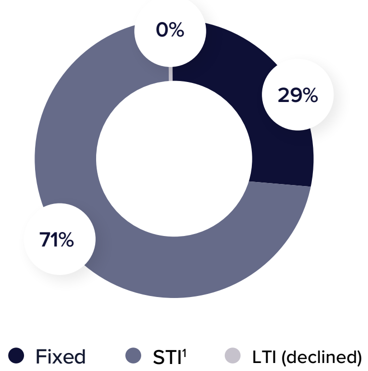


Table 6. Executive Chairman remuneration mix FY21



[1]The growth in STI-current as a proportion of overall remuneration seen in the graphs above arises due to the STI award being uncapped on both the upside and the downside. Refer to section 4.2 for more details on the STI-current.

4. How Executive Remuneration is structured

4.1 Fixed remuneration

Fixed remuneration comprises base salary and superannuation. Fixed remuneration was not increased for FY21.

4.2 Short-term incentive

Executives participate in an STI plan which is based on Executive NPBT[1]. Key features of the STI plan are detailed in the table below:

Feature	Description
Opportunity	The value of the STI is based on a percentage of applicable Executive Net Profit Before Tax[1]. The percentage is determined at the outset of the executive's contract and remains fixed for the contract period for each Executive KMP. Refer to section 7.5 below for each Executive's agreed percentage. STI awarded is uncapped to encourage over-achievement, drive performance in the current year and the creation of long-term shareholder wealth. Given expected growth in NPBT over time, the longer the executive stays with TechnologyOne, the greater the weighting of the STI component of total remuneration in comparison to the fixed and LTI components, which typically only increase by CPI on an annual basis. An illustrative example of how this works over time in practice has been presented following this table. This effect encourages retention of outperformers by increasing their earning potential the longer they stay with the Company, which aligns them with shareholders
Award vehicle	Cash
Performance measures	The STI is based on a percentage of applicable Executive Net Profit Before Tax[1]. This effectively aligns the target incentive with shareholder return since share price has trended with the increase in earnings. TechnologyOne's use of STIs differs from most other organisations in that it utilises only one performance measure in determining STI awards. This is to create focus and clarity for Executives whilst also providing transparency for shareholders as to how STI awards are determined. The Board and Remuneration Committee continue to monitor STI performance measures so as to ensure that they best align with the Company's commitment to providing shareholder wealth. As a SaaS company, NPBT is critical to driving long term shareholder wealth. This is because the winning of new business, drives NPBT growth in the current year. This winning of new business translates to growth in annual recurring revenue (ARR)[2] in a SaaS company, which results in contracted returns for the business in the future. Therefore, although the KMP are rewarded in the short term for increases in profitability, the Company and shareholders continue to reap the benefits of that increase in profitability for the foreseeable future.
STI cap	An important element of the success of our STI has been that it is uncapped so the greater the results in the current financial year, the greater the STI. This not only encourages over performance in the current financial year for the Company it has a dramatic flow on effect in future years through the greater recurring revenues for the Company. The uncapped STI also helps retain Executives over the long-term because the more they succeed, the more financial incentive there is to stay with us and continue to work hard to achieve it each year, and the greater benefit to our shareholders through an ever-increasing recurring revenue base. Market value is contingent on high and sustained annual growth. Likewise, if the Company under-performs (e.g. loss of customers) or the results in a year are lower (e.g. impairment), there is a significant financial impact to Executives as their STI forms a significant portion of their total remuneration. Just as the STI is uncapped on the upside, it is also uncapped on the downside. Given that the Executive's fixed remuneration is significantly lower than our ASX-listed peers, under-performance has a significant, negative impact on their total remuneration. This ensures that Executive awards are aligned with shareholder returns. The STI framework aligns performance with remuneration outcomes encouraging over performance and penalising under performance.
Malus/Clawback	The ability to apply Malus Provision or clawback to Deferred STI exists in the unlikely event that business outcomes differ materially from expected or if there are any irregularities or other factors that would or have affect the payment of that award.
Termination	On termination, the Executive foregoes any further STI payments which would have otherwise been available for the remainder of the financial year under their STI plan.

[1] Executive Net Profit Before Tax is calculated based on company profit before tax and before the Executive STI is deducted.
For the Executive Chair the Executive Net Profit Before Tax is based on company profit before tax before the Chair's STI is deducted.

[2] ARR is not an IFRS measure and is unaudited, it represents future contracted annual revenue at year end.

TechnologyOne Executives have an STI set at the start of their contract which is typically 33% of their total targeted remuneration. As noted above, this percentage of their total remuneration will increase with the Executive's tenure. The best way to consider the mechanics of the TechnologyOne STI is by way of the following worked example.

Worked example

Consider a candidate who can command a remuneration package of $900,000 in the open market. The TechnologyOne STI opportunity is determined as follows:

STI target	Commences at 75% to 100% of fixed remuneration (as established during contract negotiations). $300,000 is used as the initial STI target. If we assume that NPBT of the Group, applies for this employee and the forecast NPBT is $40m, (a 15% increase on the prior year) then contract STI will be $300,000/$40m (or 0.75% of profit)

Assuming an ambitious profit target increase of 15% per annum and actual profit increases of 12% per annum and CPI of 1% per annum, the following illustrates the operation of the STI.

Year	Fixed	Profit target ($m)	Actual profit ($m)	STI%	STI target (STI % x profit target ($))	Actual STI (STI% x actual profit ($))
1	300,000	40.00	38.96	0.75%	300,000	292,200
2	303,000	44.80	43.64	0.75%	336,030	327,264
3	306,030	50.18	48.87	0.75%	376,354	366,536

4.3 Deferred STI

Feature	Description
Opportunity	TechnologyOne introduced a Deferred STI in the FY19 year. An amount equal to 25% of the annual STI earned in the year under review is deferred (i.e. 20% of total STI) and paid at the conclusion of the two-year period following the end of the financial year.
Award vehicle	Cash
Cap	For the same reasons outlined in section 4.2 for the STI, this Deferred STI is also uncapped on both the upside and the downside.
Deferral period and service requirements	The award will only be paid at the conclusion of the two-year period following the end of financial year, on the condition that the Executive KMP remains employed with the Company for the entire deferral period.
Malus/Clawback	The Deferred STI component is subject to a malus/clawback provision in that there must be no irregularities or other factors that would or have affected the payment of that award.

The following provides a worked example to illustrate the operation of the Deferred STI.
Amounts recognised for Deferred STI:

As can be seen from the table below, the Deferred STI expense is recognised over a three-year period, being the year on award plus the two years of deferral.

							Amounts recognised for Deferred STI				
FY	STI Measure	STI %	Financial result ($m)	STI- received immediately ($)	Deferred STI %	Deferred STI	Year 1	Year 2	Year 3	Year 4	Year 5
1	NPBT	0.75%	38.96	292,200	25%	73,050	24,350	24,350	24,350	-	-
2	NPBT	0.75%	43.64	327,264	25%	81,816	-	27,272	27,272	27,272	-
3	NPBT	0.75%	48.87	366,536	25%	91,634	-	-	30,545	30,545	30,545
							24,350	**51,622**	**82,167**	**57,817**	**30,545**

The total value of the Deferred STI award is retained and will only be paid at the conclusion of the two-year period following the end of the financial year. The Deferred STI component is subject to a Malus Provision in that there must be no irregularities or other factors that would affect the payment of that award. For accounting purposes, the expense in relation to this award is recognised over the total three-year deferral period. The Deferred STI was introduced for the first time in FY19. The value included for FY19 represented one third of the FY19 award value. The value included for FY20 included one third of the FY19 award value plus one third of the FY20 award value. The value included for FY21 includes one third of the FY19 award value plus one third of the FY20 award value plus one third of the FY21 award value.

4.4 Long-term incentives (LTI)

LTI remuneration for TechnologyOne Executives is made up of a share-based remuneration element.

4.4.1 Share based remuneration

TechnologyOne Executives are eligible to participate in an LTI plan. The LTI plan is designed to provide participants with the incentive to deliver substantial consistent growth in shareholder value:

Feature	Description
Opportunity	The value of the total number of LTI options and/or rights issued each year (a grant) to an Executive is typically set at 75% to 100% of fixed remuneration and is determined during contract negotiation when an Executive is hired.
Award vehicle	Each LTI entitles the Executive the right to purchase one TechnologyOne share in the future at an agreed strike price, subject to meeting specified performance targets. The executive has a choice between options or zero price options (performance rights).
Performance period	For LTI grants issued during FY20 and onwards, performance is measured at the end of a three-year performance period only (i.e. no annually tested LTI measures). The test performed will be average annual growth over the three-year performance period. This is consistent with best practice and further aligns our LTI plan with the creation of long-term shareholder wealth. For LTI grants issued prior to the end of FY19, performance is measured over a three-year performance period with individual and Company targets tested annually or at the conclusion of the three-year performance period. The performance period commences at the beginning of the fiscal year of the grant date and extends for three years to a vesting date. The number of options and/or rights in the grant are split into tranches based on the weighting of each performance measure. For performance measures with a three-year target, the relevant tranche vests at the end of the three-year period in accordance with the vesting schedule provided below. For performance measures with an annual target, 1/3 of the relevant tranche is tested in accordance with annual performance, however, the LTI will not vest until the end of the overall three-year performance period. For accounting purposes, the expense is recognised in accordance with AASB 2 Share Based Payments over the three-year period
Performance measures	Performance measures for the most recent LTI grants are • 25% of the options vest based on Relative Total Shareholder Return (rTSR) against the constituents of the ASX All Technology (XTX) index • 75% of the options vest based on EPS Growth
Vesting schedule	For each performance target there is a mid and stretch target. Mid hurdles have been calculated so that if they are achieved, this will create substantial shareholder wealth. (see tables below)

Performance Metric	Growth <5%	5%<= Growth > 15%	Growth >= 15%
EPS growth	0% vest	50% vest at 5% growth with linear vesting (50% to 100%) up to 15% growth	100% vest

Performance Metric	Percentile < 50%	>=50% <75%	Percentile>= 75%
Relative TSR[1]	0% vest	50% vest at 50% relative TSR with linear vesting (50% to 100%) up to 75% relative TSR	100% vest

The number of options that vest at the end of the relevant performance period is determined as follows:

- Number of LTIs earned per three-year performance target = Number of LTIs available for that target x percentage earned x individual performance factor[2]
- Number of LTIs earned per yearly performance target = 1/3 x number of LTIs available for that target x percentage earned x individual performance factor[2]

[1] Relative TSR targets are determined with reference to our peer group. Our peer group is defined as those constituent companies making up the ASX All Technology Index (XTX). [2] The individual performance factor is typically 100% unless Malus Provision is applied.

Feature	Description
Allocation methodology	The LTI is allocated based on the cost of the option which is calculated with the strike price being the volume weighted average price (VWAP) over the 10 days prior to the grant date with no discount for the likelihood of performance conditions being met
Fair value methodology	The fair value of the LTI related to EPS growth is calculated using the binomial method and the fair value of the LTI related to TSR is calculated using the monte carlo method, in accordance with AASB 2 Share-based payment.
Board discretion	In situations where the Vesting Conditions are affected by factors beyond the control of the employee (e.g. global pandemic, trade restrictions, war, large-scale natural disasters, profit windfalls or unforeseen tailwinds), the Board has discretion to increase or decrease the number of LTI options and/or rights vesting. The Board retains sole discretion to determine the amount and form of any award that may vest (if any) to prevent any unintended outcomes, or in the event of a corporate restructuring or capital event. For any single performance metric, the Board also has discretion to apply an Individual Performance Factor (IPF) to adjust the number that vest to take into consideration exceptional performance or contribution by an employee. The Board has the authority to increase the number of options vesting for any particular performance metric by up to 200%. The extent of this discretion is capped such that the total number of LTI instruments that vest will never exceed the maximum LTI opportunity, represented by the total number of LTI options and/or rights offered for all performance targets for an executive in that year.

Feature	Description
Change of Control	The Board has discretion to determine the extent to which LTIs vest based on the period elapsed since the start of the performance period and the performance at the time of any change of control event.
Cessation of employment	Awards lapse unless the Board determines otherwise, in which case it considers performance of the individual over the relevant period up to the date of cessation of employment.
Expiry	At the end of the applicable performance period, any LTIs that have vested will expire 5 years after vesting.
Re-testing	We do not revise or re-test our LTIs over the relevant performance period.
Malus	The LTI component is subject to a Malus Provision in that there must be no irregularities or other factors that would affect the vesting of the award. Under the Malus Provision the Board has the ability to vary the LTI as appropriate e.g. reduce, forfeit, defer for longer period.
Margin loans	Directors and Executives are not permitted to use TechnologyOne securities as security for margin loans.

The following provides a worked example to illustrate the operation of the LTI:

Feature	Description
Award vehicle	Options
Vesting period	3 years
LTI grant value	$300,000
LTI metrics and weighting	EPS (75% weighting) and relative TSR (25% weighting)
Fair value of share option at grant date	$1.50
Share price at grant date	$7.65
Exercise price	$7.39
Assumed growth in share price over the vesting period	30%

Amounts recognised for LTI

FY	LTI metrics	Weighting	Grant number	Fair value	Share price at grant	Exercise price per share	Year 1	Year 2	Year 3
1	EPS growth %	75%	150,000	225,000	7.65	7.39	52,500	67,500	105,000
2	Relative TSR	25%	50,000	75,000	7.65	7.39	17,500	22,500	35,000
			200,000	**300,000**			**70,000**	**90,000**	**140,000**

For the Year 1 tranche of LTIs, the fair value is $300,000, recognised over 3 years, as shown above. The proportion recognised increases from year 1 to year 3 as the likelihood of vesting increases. For the purposes of this worked example, we have assumed that the fair value of options granted with each metric is the same.

5. Key questions

Key questions	TechnologyOne approach
Why does our remuneration framework have such a high weighting towards variable remuneration?	Our Executive Remuneration Framework aligns with many common practices for ASX200 companies but has been adapted to meet the demands of the enterprise software market. Relative to our ASX-listed peers, our Executives receive: • Relatively low fixed remuneration to enable a greater emphasis on performance • Relatively large at-risk short-term incentive (STI) portion aligning Executives to current year performance • Deferred STI component to help further drive long-term shareholder wealth and ensure that we retain high performing Executives • Long-term incentives (LTI) linked to long-term strategy, targets, and shareholder wealth creation The winning of new business, driving continued profit growth in the current year is the key to our long-term success, and it is for this reason our STI as a percentage of the total remuneration is significantly higher than our ASX-listed peers. At the same time, the fixed remuneration for our Executives is comparatively low compared to our ASX-listed peers. The significant weighting towards the STI encourages our Executives to drive new business and financial performance in the current year, which creates Annual Recurring Revenue (ARR)[1] for future years, and therefore long-term success and shareholder wealth. TechnologyOne Executives are exposed to the long-term outcomes of the business through the Deferred STI and a large long-term incentive (LTI) component. The talent pool in Australia for Executives with large scale enterprise software companies is highly competitive. Therefore, it is important to ensure that our remuneration framework is appropriately structured for the enterprise software market. We believe that our remuneration structure offers the necessary flexibility and incentive to ensure that we attract and retain talented Executives who understand the industry and, in turn, drive shareholder value.
Why is the KMP LTI based on EPS growth and Relative TSR?	In FY19, earnings per share (EPS) growth and relative total shareholder return (TSR) were introduced to replace historical LTI measures, which included net profit after tax (NPAT) growth. The rationale for the selection of these two measures is as follows: • EPS growth: Ensures that our Executives are remunerated in line with growth in shareholder wealth over the long term. • Relative TSR: Ensures that our Executives are remunerated in line with the Company's creation of shareholder wealth relative to our peers over the long term. The introduction of these two new measures ensures we have LTI targets which are more directly aligned with trends in shareholder wealth over the long term. There is debate among proxy advisors about the use of TSR as an LTI metric, with some for and some against. Relative TSR may not be particularly useful as an incentive on its own, as management have little direct influence over outcomes, however, when combined with the EPS growth metric (which has been given a higher weighting) we feel it results in a very effective LTI for our Executive KMP. The combination of these metrics ensures that Executives are aligned with shareholder wealth creation (EPS growth) and also ensuring that performance is better than that of our peers (rTSR).
Is our STI plan sufficiently challenging with only one performance measure?	The winning of new business, driving continued profit growth is the key to our long-term success. Having Executives focus solely on net profit before tax (NPBT) ensures there is clear line of sight for Executives and transparency for shareholders as to how STI awards are determined. The setting of NPBT as the measure (rather than components contributing to NPBT) give executives the flexibility to be agile and choose appropriate strategies based on the market environment and arising opportunities to meet their targets. NPBT incorporates the outcomes of the key drivers of our business including winning new annual recurring revenue through new and existing customers, customer retention, expense management and margin expansion.
What is the rationale for having an uncapped STI?	An important element of the success of our STI has been that it is uncapped on the upside and downside. The greater the results in the current financial year, the greater the STI. This not only encourages over performance in the current financial year for the Company, it has a significant flow on effect in future years through the greater annual recurring revenues for the Company. The uncapped STI also helps retain Executives over the long-term, because the more they succeed, the more financial incentive there is to stay with us and continue to work hard to achieve each year, and the greater benefit to our shareholders through an ever-increasing recurring revenue base. Likewise, if the Company under-performs (e.g. loss of customers) or the results in a year are lower (e.g. impairment), there is a significant financial impact to Executives as their STI forms a significant portion of their total remuneration. Just as the STI is uncapped on the upside, it is also uncapped on the downside. Given that the Executive's fixed remuneration percentage is significantly lower than our ASX-listed peers, under-performance has a significant, negative impact on their total remuneration. This performance measure is well-aligned with the interests of shareholders, as NPBT outcomes above target, rewards shareholders as well as executives. Poor performance also "penalises" executives as well as shareholders.
Why did we introduce a Deferred STI?	A Deferred STI was introduced in FY19 where an amount equal to 25% of the STI earned in the year under review is awarded and deferred for a period of two years (i.e., 20% of total STI). The award is only paid out to the Executive if they remain in employment with the Company for the entire deferral period. This deferral: • Assists in retaining high performing Executive KMP • Helps further drive long-term shareholder wealth via executive skin in the game, fostering a long term mind set among executives • Provides opportunity to forfeit the award. Prior to its award or vesting, the Remuneration Committee will consider whether there are any irregularities or other factors that would affect the payment or vesting of that award.

[1]ARR is not an IFRS measure and is unaudited, it represents future contracted annual revenue at year end

6. Relationship between remuneration and Company performance

6.1 TechnologyOne's five-year performance

The below table sets out information showing the creation of shareholder wealth for the years ended 30 September 2017 to 30 September 2021. Profits and dividends have grown over the last five years, and growth in the fair value of executives has not exceeded growth in profits over the period.

	2017[1]	2018[1]	2019	2020	2021
Actual profit before tax reported ($'000)	58,019	66,528	76,389	82,470	97,843
Profit before tax growth	9%	15%	15%	8%	19%
Total dividend including special (cps)	10.18	11.02	11.93	12.88	13.91
Earnings per share (basic)	14.20	16.14	18.43	19.75	22.64
EPS growth	7%	14%	14%	8%	15%
Share price at start of period	5.94	5.02	5.58	7.18	7.94
Share price at end of period	5.02	5.58	7.18	7.94	11.36
Annual Total Shareholder Return (TSR)	(14%)	13%	31%	12%	45%
3-year TSR	78%	39%	35%	58%	97%
LTI vesting as a % of maximum	100%	76%	72%	98%	99%

[1]Accounting for revenue for these periods remains under AASB 118. They were not restated in this table for AASB 15

Profits have grown strongly and sustainably over the last five years, as have earnings per share and dividends, all while transforming from perpetual licenses to a SaaS model.

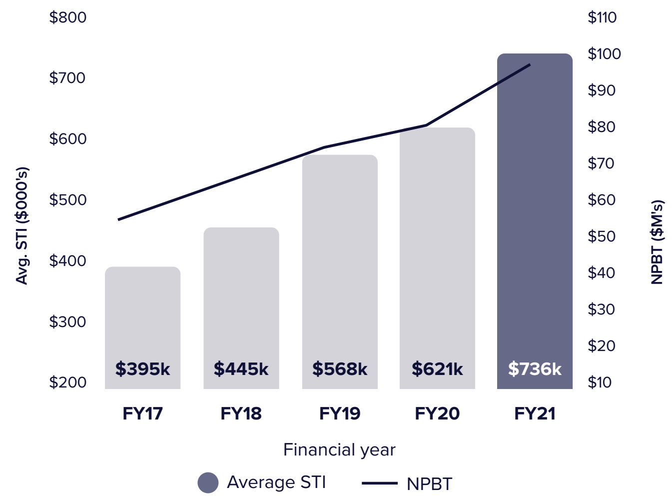
The results indicate substantial growth in shareholder value and, since TechnologyOne executive remuneration is strongly linked to Company profit performance, has seen executives rewarded for their achievements.

As can be seen from the tables above, the Executives' remuneration framework has successfully driven performance and the creation of shareholder wealth over the longer term. In addition, Executives' remuneration has been in alignment with overall Company performance.

The graphs on the next page set out information regarding TechnologyOne's performance, earnings and movement in shareholder wealth over the past five financial years up to and including FY21. Note, figures for 2018 and prior years represent reported results which have not been restated for changes in accounting policies or accounting standards.

The first graph below shows our average Executives' STI has grown by 11% which is below the Company's Net Profit Before Tax (NPBT) profit growth of 13% over the last 5 years.

Average STI vs. NPBT

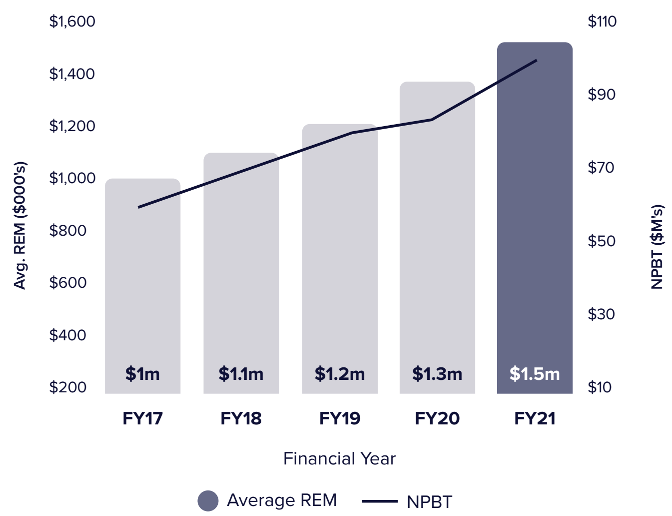


Average STI has grown by 11% which is at a slower rate than the 13% growth in reported NPBT over the last 5 years

Our STI structure is working as it drives short-term performance, which in turn creates a strong long-term recurring revenue base. In the long-term, this creates continuing financial success and substantial shareholder wealth for Technology One.

The second graph below shows that the average Executives' remuneration has been growing at less than the Company's NPBT.

Average REM vs. NPBT



Average Executive Remuneration has grown by 11% which is at a slower rate than the 13% growth in reported NPBT over the last 5 years.

NPBT has grown faster than our average Executive remuneration which demonstrates how effective our remuneration structure is at driving long-term shareholder wealth.

7. Detail of current year Executive remuneration and performance

This section describes remuneration outcomes for each executive based on performance in FY21 using statutory accounting fair value.

7.1 Fixed remuneration

Fixed Remuneration includes base salary and superannuation paid in line with the remuneration strategy and principles described in section 3.1 above.

7.2 Short term incentive

The short-term incentives for Executives for FY21 were in line with the remuneration framework described in section 4.2 above.

The following tables in section 7.5 show the amounts achieved in FY21 based on each executive's agreed percentage of net profit before tax.

Executive Net Profit Before Tax is calculated based on Company profit before tax and before the Executive STIs are deducted. For the Executive Chair the Executive Net Profit Before Tax is based on Company profit before tax before Chair's STI is deducted.

7.3 Deferred short term incentive

The Deferred STI achieved by Executives for FY21 were in line with the remuneration framework described in section 4.3 above.

The following tables in section 7.5 show the statutory accounting fair value of the amounts recognised in FY21.

7.4 Long-term incentive

The long-term incentives granted to Executives for FY21 were in line with the remuneration framework described in section 4.4.1 above. Refer to section 7.7 below for specific details of the grants for FY21.

The following tables in section 7.5 show the statutory accounting fair value of the amounts recognised and instruments forfeited in FY21.

Refer section 7.6 for details of the share options and Executive Performance Rights (EPRs) vested in FY21. 99% of instruments vested during the year.

7.5 Detail of Executive remuneration and performance

Adrian Di Marco

Position	Executive Chair and Chief Strategy and Innovation Officer			
Fixed remuneration	**2021 $**	**2020 $**	**Variance %**	**Notes**
Base salary	339,056	341,556		The base salary represents the amount earned for the role of Chief Strategy and Innovation Officer.
Chairman's fees	141,000	141,000		The Chair's fees are benchmarked every 3 years in line with the Group's peers.
Superannuation	27,500	25,000		
Total fixed remuneration	**507,556**	**507,556**	0.0%	
STI				
STI - profit[1]	99,092,373	83,523,578	18.6%	
STI %	1.26%	1.26%		
Total STI	**1,248,564**	**1,052,397**	**18.6%**	The STI relates to the role of Chief Strategy and Innovation Officer. Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	**-**	**-**	0.0%	The Executive Chair has a substantial shareholding so a Deferred STI is not required.
LTI				
Fair value of options recognised	-	-		
Fair value of options forfeited	-	-		
Fair value of EPRs recognised	-	-		
Fair value of EPRs forfeited	-	-		
Total LTI	-	-		The Executive Chair has a substantial shareholding so has declined an LTI.
Total remuneration	**1,756,120**	**1,559,953**	**12.6%**	Total remuneration has grown by 12.6%, less than reported net profit before tax growth of 19%.

[1] Refer to section 7.2 above for the description of the net profit before tax used to calculate the STI.

Edward Chung

Position	Chief Executive Officer			
Fixed remuneration	**2021 $**	**2020 $**	**Variance %**	**Notes**
Base salary	505,568	508,068		
Directors' fees	-	-		
Superannuation	27,500	25,000		
Total fixed remuneration	**533,068**	**533,068**	**0.0%**	
STI				
STI - profit[1]	102,318,557	86,515,918	18.3%	
STI %	0.78%	0.78%		
Total STI	**798,085**	**674,824**	**18.3%**	Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	**174,678**	**108,171**	**61.5%**	Deferred STI (refer to section 4.3) was introduced in FY19 for the first time. FY21 amount includes one third of the FY19 award plus one third of the FY20 award plus one third of the FY21 award. The growth shown is primarily due to the timing of accounting recognition and does not represent growth in remuneration awarded or realised.
LTI				
Fair value of options recognised	382,895	339,328		The value included for FY21 includes one third of the FY19 LTI fair value plus one third of the FY20 LTI fair value plus one third of the FY21 LTI fair value.
Fair value of options forfeited	-	-		The fair value for the forfeitures noted in 12.1 was adjusted for in FY19 when the annual test was performed.
Fair value of EPRs recognised	-	-		
Fair value of EPRs forfeited	-	-		
Fair value of options recognised (old scheme)	58,471	116,057		The final tranche of share options vested and were exercised during the year.
Total LTI	**441,366**	**455,385**	**(3.1%)**	
Total remuneration	**1,947,197**	**1,771,448**	**9.9%**	Total remuneration has grown by 9.9%, less than reported net profit before tax growth of 19%.

[1] Refer to section 7.2 above for the description of the net profit before tax used to calculate the STI.

Stuart MacDonald

Position	Chief Operating Officer			
Fixed remuneration	**2021 $**	**2020 $**	**Variance %**	**Notes**
Base salary	421,117	421,944		
Directors' fees	-	-		
Superannuation	25,827	25,000		
Total fixed remuneration	**446,944**	**446,944**	**0.0%**	
STI				
STI - profit[1]	102,318,557	86,515,918	18.3%	
STI %	0.533%	0.533%		
Total STI	**545,358**	**461,130**	**18.3%**	Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	**119,164**	**73,717**	**61.7%**	Deferred STI (refer to section 4.3) was introduced in FY19 for the first time. FY21 amount includes one third of the FY19 award plus one third of the FY20 award plus one third of the FY21 award. The growth shown is primarily due to the timing of accounting recognition and does not represent growth in remuneration awarded or realised.
LTI				
Fair value of options recognised	139,132	235,508		
Fair value of options forfeited	-			
Fair value of EPRs recognised	110,862	69,404		
Fair value of EPRs forfeited	-			The fair value for the forfeitures noted in 12.1 was adjusted for in FY19 when the annual test was performed.
Total LTI	**249,994**	**304,912**	**(18.0%)**	
Total remuneration	**1,361,460**	**1,286,703**	**5.8%**	Total remuneration has grown by 5.8%, less than reported net profit before tax growth of 19%.

[1] Refer to section 7.2 above for the description of the net profit before tax used to calculate the STI.

Paul Jobbins

Position	Chief Financial Officer			
Fixed remuneration	**2021 $**	**2020 $**	**Variance %**	**Notes**
Base salary	221,764	222,250		
Directors' fees	-	-		
Superannuation	25,486	25,000		
Total fixed remuneration	**247,250**	**247,250**	**0.0%**	
STI				
STI - profit[1]	102,318,557	86,515,918	18.3%	
STI %	0.343%	0.343%		
Total STI	**350,953**	**296,750**	**18.3%**	Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	**74,944**	**45,698**	**64.0%**	Deferred STI (refer to section 4.3) was introduced in FY19 for the first time. FY21 amount includes one third of the FY19 award plus one third of the FY20 award plus one third of the FY21 award. The growth shown is primarily due to the timing of accounting recognition and does not represent growth in remuneration awarded or realised.
LTI				
Fair value of options recognised	283,269	174,487		The value included for FY21 includes one third of the FY19 LTI fair value plus one third of the FY20 LTI fair value plus one third of the FY21 LTI fair value. As Mr Jobbins commenced employment during FY19 the value included in the table for FY20 represents one third of the FY19 fair value plus one third of the FY20 LTI fair value only. The growth shown is primarily due to the timing of accounting recognition and does not represent growth in remuneration awarded or realised.
Fair value of options forfeited	-	-		The fair value for the forfeitures noted in 12.1 was adjusted for in FY19 when the annual test was performed.
Fair value of EPRs recognised	-	-		
Fair value of EPRs forfeited	-	-		
Total LTI	**283,269**	**174,487**	**62.3%**	
Total remuneration	**956,416**	**764,185**	**25.2%**	Total remuneration has grown by 25.2%. As Mr Jobbins commenced employment during FY19, the growth shown is primarily due to the timing of accounting recognition for LTI fair value (increasing over the three-year performance period) and does not represent growth in remuneration awarded or realised.

[1] Refer to section 7.2 above for the description of the net profit before tax used to calculate the STI.

7.6 Options and EPRs that became eligible to vest during FY21

During the year, Edward Chung, Stuart MacDonald and Paul Jobbins completed a three-year performance period relating to the LTI instruments granted to them in FY19 and vesting in FY21. 100% of the Relative TSR options became eligible to vest and 99% of the EPS options, resulting in 99% of total LTI vesting.

A summary of the targets set and performance against each target and options which have vested and are available to be exercised has been set out below:

Edward Chung

Grant year	Performance measure	Option or EPR	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	Number due to forfeit	LTIs vested	% LTI vested
FY19	Relative TSR	Option	43,766	3 year	FY21	75% percentile	76%	-	43,766	100%
	EPS Growth	Option	43,766	Annual	FY19	>15%	14%	2,188	41,578	95%
		Option	43,766	Annual	FY20	>15%	8%[1]	-	43,766	100%
		Option	43,766	Annual	FY21	>15%	15%	-	43,766	100%
			175,064						**172,876**	**99%**

Stuart MacDonald

Grant year	Performance measure	Option or EPR	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	Number due to forfeit	LTIs vested	% LTI vested
FY19	Relative TSR	EPR	11,722	3 year	FY21	75% percentile	76%	-	11,722	100%
	EPS Growth	EPR	11,721	Annual	FY19	>15%	14%	586	11,135	95%
		EPR	11,721	Annual	FY20	>15%	8%[1]	-	11,721	100%
		EPR	11,721	Annual	FY21	>15%	15%	-	11,721	100%
			46,885						**46,299**	**99%**

Paul Jobbins

Grant year	Performance measure	Option or EPR	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	Number due to forfeit	LTIs vested	% LTI vested
FY19	Relative TSR	Option	53,864	3 year	FY21	75% percentile	76%	-	53,864	100%
	EPS Growth	Option	53,864	Annual	FY19	>15%	14%	2,693	51,171	95%
		Option	53,864	Annual	FY20	>15%	8%[1]	-	53,864	100%
		Option	53,864	Annual	FY21	>15%	15%	-	53,864	100%
			215,456						**212,763**	**99%**

[1] As disclosed in sections 3.2 and 3.4 of the FY20 Remuneration Report, the Board exercised discretion for option tranches with a FY20 test for EPS Growth, given exceptional performance of the KMP during previously unforeseen circumstances, (i.e. the global COVID pandemic). It is important to note the LTI targets were set before COVID, and were both unrealistic and unfair under these circumstances, and so the board exercised discretion to rectify the situation. It should be noted the company delivered record revenue (up 4%), record profit (up 8%) and record SaaS ARR growth (up 32%) in FY20. It should also be noted this was the first time, in 33 years, the company had ever exercised Board discretion. This was an historical decision made for FY20 testing, and was not repeated for the testing of FY21 tranches.

7.7 Options/EPRs that have been granted in FY20 and FY21 and not yet vested

Edward Chung

Grant year	Performance measure	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	LTIs due to vest
FY20	Relative TSR	66,160	3 year	FY22	75% percentile		To be tested at the end of FY22
	EPS Growth	198,479	3 year	FY22	>15%		To be tested at the end of FY22
FY21	Relative TSR	63,730	3 year	FY23	75% percentile		To be tested at the end of FY23
	EPS Growth	191,189	3 year	FY23	>15%		To be tested at the end of FY23

Stuart MacDonald

Grant year	Performance measure	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	LTIs due to vest
FY20	Relative TSR	41,849	3 year	FY22	75% percentile		To be tested at the end of FY22
	EPS Growth	125,547	3 year	FY22	>15%		To be tested at the end of FY22
FY21	Relative TSR	38,113	3 year	FY23	75% percentile		To be tested at the end of FY23
	EPS Growth	114,339	3 year	FY23	>15%		To be tested at the end of FY23

Paul Jobbins

Grant year	Performance measure	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	LTIs due to vest
FY20	Relative TSR	36,629	3 year	FY22	75% percentile		To be tested at the end of FY22
	EPS Growth	109,887	3 year	FY22	>15%		To be tested at the end of FY22
FY21	Relative TSR	33,359	3 year	FY23	75% percentile		To be tested at the end of FY23
	EPS Growth	100,077	3 year	FY23	>15%		To be tested at the end of FY23

8. Non-executive Director fees

Determination of Non-executive Director fees

In FY21, Board fees remain at $141,000 per Director, including statutory superannuation contributions. This was not increased for FY21. No additional fees are paid in respect of committee attendance.

Directors' Fees are normally reviewed every three years by an independent consultant and the setting of fees is to be consistent with comparable companies by market capitalisation. Fee increases between independent reviews are capped at CPI.

Aggregate fee pool

The total amount of Directors' fees is capped at a maximum pool that is approved by shareholders. The current fee pool is capped at $1,500,000, which was approved by shareholders at the Annual General Meeting on 26 February 2019. Non-executive Directors receive aggregate fees to recognise both their contribution to the work of the Board and the associated committees that they serve. Non-executive Directors do not receive any performance-related remuneration.

FY22 aggregate fee pool and Non-Executive Director fees

It is proposed that the current fee pool remain unchanged for FY22, capped at $1,500,000. Non-executive Director fees are set to increase in line with CPI, as per Board policy.

Director shareholdings

Directors are required to hold a minimum shareholding of one year's Directors' fees (pre-tax) in TechnologyOne shares. Directors are required to rectify any short fall within a 12-month period. New Directors are allowed 36 months to meet this requirement.

2021	Balance at the end of the year	% of Mandatory Shareholding Requirement
Directors of TechnologyOne Limited		
A Di Marco	17,378,500	100%
R McLean	69,737	100%
J Mactaggart	26,902,500	100%
R Anstey	30,000	100%
Dr J Andrews	30,600	100%
S Doyle	18,280	100%
C Rosenberg	27,533	100%
P Ball	21,900	100%
P O'Sullivan	15,509	87%

The Board in total holds 44,494,559 shares representing 14% of the total shareholding of the Company. Individual holdings are as shown above. All Directors are compliant with the mandatory shareholding requirement except for Pat O'Sullivan, who has until 2024 to meet the requirement.

9. Service agreements for the Executive KMP

Remuneration and other terms and conditions of employment for Executive KMP are formalised in service agreements which are reviewed each year. All Executive KMP service agreements are rolling contracts which cease following notice of termination by either employee or employer.

The following table presents some of the key contractual arrangements for the Executive KMP:

KMP	Contract term	Termination notice by either party	Post-employment restraint
Executive Chair	Ongoing	3 months	12 months
CEO	Ongoing	6 months	12 months
Other Executive KMP	Ongoing	12 weeks	12 months

If a service agreement is terminated, payment in lieu of notice that is not worked may be provided, in addition to any statutory entitlements. No other additional termination or post-employment benefits are provided on termination of employment. Refer to sections 4.3 and 4.4 respectively for treatment of STIs and LTIs on cessation of employment.

The Executive Chair's fixed remuneration package is established to compensate him for executing the role of Chair and also for that of Chief Strategy and Innovation Officer (as tabled below).

In FY21, the Chairman's fixed remuneration consists of:

Role	Fixed remuneration
Chairman	141,000
Chief Strategy and Innovation Officer	366,556
Total fixed remuneration	**507,556**

The Executive Chair also receives an STI component for his role as Chief Strategy and Innovation Officer.

As the Chair is also an Executive, the remuneration for performing the Chair role (exclusive of Directors' fees) is not included in the Non-Executive Director Fee Pool.

10. Detail of Executive remuneration for FY21

The remuneration package for Executives, including the Executive Chair, for FY21 comprises the amounts outlined in the following tables.

There is no maximum or minimum STI for Executives as the Company wants to ensure a strong focus on performance in the current year.

11. Statutory Remuneration

The information in the table below is based on the statutory accounting fair value of remuneration earned for each KMP and does not represent the value offered or realised.

		Short-term employee benefits					Post employment benefits	Deferred STI	Long term incentives				
Name		Fixed remuneration $	Directors' fees $	Superannuation $	Total fixed remuneration $	Short-term Incentive $	Termination benefits $	Deferred STI $	Value of share options $	Value of performance rights $	Total $	% growth on prior year excl LTI $	% growth on prior year incl LTI $
Non-executive Directors													
R McLean (Non-executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
J Mactaggart (Non-executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
K Blinco (Non-executive Director)[1]	**2021**	**-**	**53,653**	**5,097**	**58,750**	**-**	**-**	**-**	**-**	**-**	**58,750**	**-58%**	**-58%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
R Anstey (Non-executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
Dr J Andrews (Non-executive Director	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
S Doyle (Non-Executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
C Rosenberg (Non-Executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
P Ball (Non-Executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**71%**	**71%**
	2020	-	75,114	7,136	82,250	-	-	-	-	-	82,250		
Pat O' Sullivan[2]	**2021**	**-**	**75,114**	**7,136**	**82,250**	**-**	**-**	**-**	**-**	**-**	**82,250**	**N/A**	**N/A**
	2020	-	-	-	-	-	-	-	-	-	-		
Executives													
A Di Marco (Executive Chairman)[3]	**2021**	**339,056**	**141,000**	**27,500**	**507,556**	**1,248,564**	**-**	**-**	**-**	**-**	**1,756,120**	**13%**	**13%**
	2020	341,556	141,000	25,000	507,556	1,052,397	-	-	-	-	1,559,953		
E Chung (Chief Executive Officer)[4]	**2021**	**505,568**	**-**	**27,500**	**533,068**	**798,085**	**-**	**174,678**	**441,366**	**-**	**1,947,197**	**14%**	**10%**
	2020	508,068	-	25,000	533,068	674,824	-	108,171	455,385	-	1,771,448		
S MacDonald (Chief Operating Officer)[5]	**2021**	**421,117**	**-**	**25,827**	**446,944**	**545,358**	**-**	**119,164**	**139,132**	**110,862**	**1,361,460**	**13%**	**6%**
	2020	421,944	-	25,000	446,944	461,130	-	73,717	235,508	69,404	1,286,703		
P Jobbins (Chief Financial Officer)[6]	**2021**	**221,764**	**-**	**25,486**	**247,250**	**350,953**	**-**	**74,944**	**283,269**	**-**	**956,416**	**14%**	**25%**
	2020	222,250	-	25,000	247,250	296,750	-	45,698	174,487	-	764,185		
Total Executive KMP	**2021**	**1,487,505**	**141,000**	**106,313**	**1,734,818**	**2,942,960**	**-**	**368,786**	**863,767**	**110,862**	**6,021,193**	**13%**	**12%**
	2020	1,493,818	141,000	100,000	1,734,818	2,485,101	-	227,586	865,380	69,404	5,382,289		
Total (Non-Executive Directors and Executive KMP)	**2021**	**1,487,505**	**1,096,023**	**197,040**	**2,780,568**	**2,942,960**	**-**	**368,786**	**863,767**	**110,862**	**7,066,943**	**10%**	**10%**
	2020	1,493,818	1,117,484	192,766	2,804,068	2,485,101	-	227,586	865,380	69,404	6,451,539		

[1]Mr Kevin Blinco resigned 23 February 2021. [2]Mr Pat O' Sullivan was appointed on 2 March 2021. [3]Mr Di Marco was again offered an LTI of $400K which he declined in the 2020/2021 year, as he has in previous years. The Remuneration Committee acknowledges that Mr Di Marco's existing significant shareholding in TechnologyOne provides the benefits that the LTI aims to achieve. Mr Di Marco's STI is calculated as 1.26% of Group NPBT. Mr Di Marco's remuneration grew by 13% on the prior year, due to his STI being up 19% in line with company profit. [4]Mr Chung's remuneration grew by 10% on the prior year. Growth in remuneration other than LTI was 14%. Mr Chung's STI is calculated as 0.78% of Executive NPBT, his STI is up 18%, in line with the increase in Executive NPBT. [5]Mr MacDonald's remuneration grew by 6% on the prior year, Growth in remuneration other than LTI was 13%. Mr Macdonald's STI is calculated as 0.533% of Executive NPBT, his STI is up 18%, in line with the increase in Executive NPBT. [5]Mr Jobbins's remuneration grew by 25% on the prior year. Growth in remuneration other than LTI was 14%. Mr Jobbins's STI is calculated as 0.343% of Executive NPBT, his STI is up 18%, in line with the increase in Executive NPBT.

12. Additional statutory disclosures

12.1 Long-term incentive scheme

In 2016, TechnologyOne replaced its previous Executive Option Plan (EOP) with an LTI plan aligned to market, shareholder and Executive requirements. Options and EPRs issued under the new plan are outlined in the tables below.

Options

2021

Name	Opening balance of share options	Number of options granted during the period	Number of options exercised during the period	Number of options forfeited during the vesting period*	Closing balance of share options	Vested and exercisable	Unvested
Edward Chung	842,461	254,917	(402,758)	(2,188)	692,432	172,876	519,556
Stuart MacDonald	539,229	152,450	(371,833)	-	319,846	-	319,846
Paul Jobbins	361,972	133,434	-	(2,693)	492,713	212,763	279,950

Executive Performance Rights

2021

Name	Opening balance of EPRs	Number of EPRs granted during the period	Number of EPRs exercised during the period	Number of EPRs forfeited during the vesting period*	Closing balance of EPRs	Vested and exercisable	Unvested
Edward Chung	-	-	-	-	-	-	-
Stuart MacDonald	46,885	-	-	(586)	46,299	46,299	-
Paul Jobbins	-	-	-	-	-	-	-

*Options and EPRs forfeited during the vesting period, are due to non-achievement of performance targets set by the Board. The Board is focused on ensuring that management remuneration and shareholder value are aligned by setting performance targets that create long-term shareholder wealth.

For details of grants under the previous EOP plan, please refer to section 12.3.

12.2 Fair value of options granted in FY21

Name	Number of options granted during the period[1]	Weighted average fair value per options issued during the period[2]	Grant date	Exercise price	Vesting date	Expiry Date	Fair value of grant
Edward Chung	254,917	1.77	22/01/2021	7.85	22/01/2024	22/01/2026	451,505
Stuart MacDonald	152,450	1.77	22/01/2021	7.85	22/01/2024	22/01/2026	270,017
Paul Jobbins	133,434	1.77	22/01/2021	7.85	22/01/2024	22/01/2026	236,336

[1] LTIs are offered to Executive KMP as either options (with an exercise price) or EPRs (executive performance rights issued at market price).

[2] The assessed fair value at grant date of options granted to the individuals is recognised over the period from grant date to vesting date. The amount is included in the remuneration tables above.

The model inputs for options granted to Executives are as follows:

(a) Options are granted for no consideration. Each tranche vests at the end of the three-year period, subject to meeting performance hurdles.

(b) Dividend yield – 1.6%

(c) Expected volatility – 33.54%

(d) Risk-free interest rate – 0.1%

(e) Price of shares on grant date – $8.07

(f) Fair value of options – $1.77

The performance measures for LTI grants made in FY21 are presented below. The performance targets, set out below, are such that they are all considered to be challenging targets that, if met, will drive significant shareholder wealth creation.

Performance Metrics	Performance period	Testing	Weighting (all KMP)
EPS growth	3 years	3 years	75%
Relative TSR[1]	3 years	3 years	25%

The performance targets to be achieved by the Executives are set out below:

Performance Metric	Growth <5%	5%<= Growth < 15%	Growth >= 15%
EPS growth	0% vest	50% vest at 5% growth with linear vesting (50% to 100%) up to 15% growth	100% vest

Performance Metric	Percentile < 50%	>=50% <75%	Percentile>= 75%
Relative TSR[1]	0% vest	50% vest at 50th percentile for relative TSR with linear vesting (50% to 100%) up to 75th percentile for relative TSR	100% vest

[1]Relative TSR targets are determined with reference to our peer group. Our peer group is defined as those constituent companies making up the ASX All Technology Index (XTX).

12.3 Quarantined Executive Option Plan (EOP) (now superseded)

Previously, TechnologyOne had contracts with executives which needed to be honoured. These pre-existing contracts were quarantined and as existing Executive Contracts come to an end, they will be renegotiated so that the LTI is based on the 2016 LTI plan going forward. All new appointments of Executives to the Company will be under the 2016 LTI plan. For the sake of disclosure, details of the now obsolete and quarantined EOP are provided below.

Under the EOP, options were issued with a strike price set typically at a 0% to 25% discount on the volume weighted average price for the 10 days prior to the grant date. The discount could be forfeited prior to vesting at the Board's discretion based on the performance of the Executive. The option could also be withheld by the Executive Chairman for unsatisfactory performance.

Share options were granted to Executives by the Board based on the option plan approved by the Board.

The options vest if and when the Executive satisfies the period of service contained in each option grant.

The contractual life of each option varies between two and five years. There are no cash settlement alternatives.

Options granted under this plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary TechnologyOne share. Further information is set out in note 31 to the financial statements.

Edward Chung is the only current Executive KMP with LTIs issued under this plan. The final tranche of share options issued under this quarantined plan vested and were exercised during the year.

2021

Name	Balance at start of the year	Granted as compensation	Exercised	Forfeited	Balance at the end of the year	Vested and exercisable	Unvested
Edward Chung	167,000	-	(167,000)	-	-	-	-

12.4 Equity instruments held by Key Management Personnel

The number of shares in the Group held during the financial year by each Director and Senior Executive of Technology One Limited, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2021

Name	Balance at start of the year	Purchased during the year	Sale during the year	Balance at the end of the year
Directors of TechnologyOne Limited				
A Di Marco	20,378,500	-	(3,000,000)	17,378,500
R McLean	69,737	-	-	69,737
J Mactaggart	30,902,500	-	(4,000,000)	26,902,500
K Blinco	200,000	-	(200,000)	-
R Anstey	25,500	4,500	-	30,000
Dr J Andrews	30,600	-	-	30,600
S Doyle	18,280	-	-	18,280
C Rosenberg	27,533	-	-	27,533
P Ball	18,000	3,900	-	21,900
P O' Sullivan	-	15,509	-	15,509

2021

Name	Balance at start of the year	Received during the year	Sale during the year	Balance at the end of the year
Senior Executives of the Group				
E Chung	733,000	569,826	(402,758)	900,068
S MacDonald	-	371,901	(316,833)	55,068
P Jobbins	-	68	-	68

2020

Name	Balance at start of the year	Purchased during the year	Sale during the year	Balance at the end of the year
Directors of TechnologyOne Limited				
A Di Marco	27,378,500	-	(7,000,000)	20,378,500
R McLean	111,000	-	(41,263)	69,737
J Mactaggart	38,902,500	-	(8,000,000)	30,902,500
K Blinco	200,000	-	-	200,000
R Anstey	25,500	-	-	25,500
Dr J Andrews	30,600	-	-	30,600
S Doyle	12,375	5,905	-	18,280
C Rosenberg	27,533	-	-	27,533
P Ball	9,000	9,000		18,000

2020

Name	Balance at start of the year	Received during the year on the exercise of options	Sale during the year	Balance at the end of the year
Senior Executives of the Group				
E Chung	566,000	167,000	-	733,000
S MacDonald	-	271,137	(271,137)	-
P Jobbins	-	-	-	-

12.5 Loans to Key Management Personnel

There have been no loans to Directors or Executives during the financial year (2020 - nil).

12.6 Other transactions with Key Management Personnel

During the year there were no transactions with the Key Management Personnel. This report is made in accordance with a resolution of Directors.

Corporate Governance Statement

The Board of Directors of the Company is responsible for its corporate governance. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Directors have established guidelines for the operation of the Board and its Committees. Set out below are the Company's main corporate governance practices.

The TechnologyOne Board routinely considers industry governance initiatives of benefit to the Company and its many stakeholders. The Board has adopted the 4th Edition of the ASX Corporate Governance Principles and Recommendations.

The Corporate Governance Statement, as well as supporting documents are available on the Company's internet site: www.technologyonecorp.com/company/investors/corporate-governance

Board of Directors

The Board of the Company currently comprises nine Directors and includes:

Name	Position	Appointed
Adrian Di Marco	Executive Chair - Major shareholder	08/12/1999
Pat O'Sullivan	Non-Executive Director - Deputy Chair / Lead Independent Director	02/03/2021
John Mactaggart	Non-Executive Director - Major shareholder	08/12/1999
Ronald McLean	Non-Executive Director - Independent	08/12/1999
Richard Anstey	Non-Executive Director - Independent	02/12/2005
Jane Andrews	Non-Executive Director - Independent	22/02/2016
Sharon Doyle	Non-Executive Director - Independent	28/02/2018
Cliff Rosenberg	Non-Executive Director - Independent	27/02/2019
Peter Ball	Non-Executive Director - Independent	02/03/2020

1 Ron McLean held the position of Deputy Chair until Pat O'Sullivan's appointment on 2 March 2021.

The following information is provided in the Corporate Governance section of the Company's Annual Report:

- Details of names, qualifications, skills, experience and dates of appointment of each Board member.
- The number of meetings of the Board and the names of attendees.
- Explanation of any departures from the ASX Corporate Governance Principles and Recommendations.

The role of the Board is as follows:

- Setting objectives, goals and strategic direction for management, with a view to maximising shareholder value.
- Input into and ratifying any significant changes to the Company.
- Adopting an annual budget and monitoring financial performance.
- Ensuring adequate internal controls exist and are appropriately monitored for compliance.
- Ensuring significant business risks are identified and appropriately managed.
- Selecting, appointing and reviewing the performance of the Managing Director and Chief Executive Officer.
- Setting the highest business standards and code of ethical behaviour.
- Overseeing the establishment and implementation of the risk management system, and annually reviewing its effectiveness.
- Decisions relating to the appointment or removal of the Company Secretary.
- To review and evaluate the performance of the Board as a whole, each Committee, key Executives and each Director on an annual basis.

The Board has the authority to delegate any of their powers to committees consisting of such Directors and external consultants, as the Board think fit. The Board has established a number of committees as follows:

- Nomination & Governance Committee
- Audit & Risk Committee
- Remuneration Committee

Board papers are prepared for the Directors, containing detailed operational reports from each region and department in the Company, highlighting:

- Operational performance.
- Initiatives undertaken/completed.
- Identified problems/risks and proposed solutions.

The Managing Director and Chief Executive Officer also prepare a summary report that highlights:

- Financial performance year to date and forecast for the full year.
- Significant issues.
- Significant changes proposed.
- Proposed strategic initiatives.

On a regular basis, members of the Senior Leadership Team are invited to present to the Board directly and to answer questions the Board may have.

The strategy of the Company, as well as matters reserved to the Board, are reviewed annually by the Board.

Matters reserved to the Board

Matters that are reserved to the Board are as follows:

- Communications with shareholders and the market in general, including ASX announcements, through the Chair of the Board.
- Input into and subsequent approval of corporate strategy and performance objectives.
- Reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct and legal compliance (ASX, ASIC, and ATO).
- Input into and subsequent approval of significant organisational structure/restructure.
- Review of the Managing Director, Chief Executive Officer and Company Secretary to the relevant Code of Conduct established by the Board.
- Appointing and removing the Managing Director and Chief Executive Officer and monitoring their performance respectively.
- Input into and subsequent approval of the budget including Operating Expenditure and Capital Expenditure, and any significant variations.
- Oversight of the Company, including its control and accountability systems.
- Input into and subsequent approval of changes to internal systems and controls.
- Review, and accept/reject recommendations from sub-committees such as Audit & Risk, Remuneration and Nomination & Governance committees.
- Input into and ratifying any acquisitions and divestitures.
- Oversee the establishment and implementation of a risk management system, and review regularly the effectiveness of the Company's implementation of that system.
- Oversee the ongoing development by management of an enterprise-wide risk management framework for management of material risks.
- Periodically review the adequacy and effectiveness of the Company's policies and procedures relating to risk management and compliance.

All other matters are referred to management.

BOARD SKILLS

As a collective, the Board has extensive commercial skills and experience which provide a solid base for the governance of the Company. The Board has a combination of experience in the following core areas:

- Strategic and Commercial Acumen
- Finance and Taxation
- Risk and Compliance
- IT and Communications Industry
- Software and Product Development
- Start-ups and Early Stage Investments
- Corporate Governance
- Sales and Marketing
- People, Culture and Conduct
- Executive Management and Leadership
- Listed Entities
- International Business

The Board as a whole benefits from the combination of the Director's individual skills, experience and expertise in particular areas, as well as the varying perspectives that arise from the Board's interactions through their diverse backgrounds.

The Board believes that its current membership provides a suitable level of skills to properly guide the Company and deliver the Company's strategic objectives and provide a solid base for governance.

The Board assesses its level of skills annually and will address any requirements for additional skills that it feels would be in the best interest of the Company in response to wider market factors and the growth of the Company. The Board has determined the core skills for its governance of the Company.

Director Principles

The Directors operate in accordance with the following broad principles:

- The Board should comprise of at least three members, but no more than 10. The current Board membership is nine. The Board may increase the number of Directors where it is felt that additional expertise in specific areas is required. The Company believes that its current size enables the Company to be more effective and to react quickly to opportunities and mitigate threats.
- The Board should be comprised of Directors with an appropriate mix of skills, qualifications, expertise, experience and diversity. The skills, experience and expertise which the Board considers to be particularly relevant include those listed above. In respect of diversity, the Board recognises that diversity relates to, but is not limited to gender, age, ethnicity and cultural background. The Board values diversity and recognises the individual contribution that people can make and the opportunity for innovation that diversity brings.
- The Board shall meet on both a planned basis and an unplanned basis when required, and have available all necessary information to participate in an informed discussion of agenda items.
- The Directors are entitled to be paid expenses incurred in connection with the execution of their duties as Directors. Each Director is therefore able to seek independent professional advice at the Company's expense, where it is in connection with their duties and responsibilities as Director. The Company policy is that a Director wishing to seek independent professional advice should advise the Chair at least 48 hours before doing so.
- The Directors and Officers will not engage in short term trading of the Company's shares. Furthermore, the Directors and Officers will not buy or sell shares at a time when they possess information which, if disclosed publicly, would be likely to materially affect the market price of the Company's shares. Information is not considered to be generally available until a reasonable time has elapsed to allow the market to absorb these announcements. A detailed policy exists on this matter – refer below, section: Trading in Company Securities.
- Directors have a clear understanding of the corporate and regulatory expectations of them. To this end, formal letters of appointment are made for each Director setting out the key terms and conditions, any special duties or arrangements, remuneration and expenses, their rights and entitlements, confidentiality and rights of access to corporate information, as well as Indemnity and Insurance cover provided.
- Newly appointed Directors undertake an induction course covering the Company's strategy, products and operations. They are also provided a copy of the Company's constitution, charters and key policies.
- Directors are required to disclose Directors' interests and any matters that may affect the Director's independence. This includes disclosure of conflicts of interest, which may include transactions with family members or related entities.
- If there is a potential conflict of interest, conflicted Directors must immediately inform the Board and abstain from deliberations on such matters. Such Directors are not permitted to exercise any influence over other Board members. If the Board believes the conflict of interest is material or significant, the Directors concerned will not be allowed to attend the meeting or receive the relevant Board papers.

Director independence

The Board comprises a majority of independent Non-Executive Directors who have broad commercial experience and bring independence, accountability and judgement in discharging the Board's responsibilities to ensure optimal returns to shareholders and the ongoing provision of benefits to the Company's employees.

The Board is required to disclose any new information that could, or would be reasonably perceived to influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on the issues before the Board and to act in the best interests of the Company and its shareholders.

The independence of the Directors is assessed annually in accordance with the ASX Corporate Governance Principles and Recommendations.

TechnologyOne does not have casual, ad-hoc informal relationships between the Directors and Senior Executives and provides only formal interaction between the Directors and Senior Executives in order to maintain the independence of each Director. All interactions are formal in nature and documented. TechnologyOne believes that by doing this, it maintains the independence of the Directors and nullifies the impact of tenure on independence. These formal interactions include presentations to the Board throughout the year on their business unit strategies and outcomes. Any other interaction by a Board Member and a Senior Executive is only under prior approval by the Chair.

TechnologyOne will only enter into an agreement for the provision of consultancy or similar services by a Director or

Senior Executive or by a related party of theirs if TechnologyOne has independent advice that the services being provided are outside the ordinary scope of their duties as a Director or Senior Executive; the agreement is on arm's length terms; and the remuneration payable under it is reasonable and with full disclosure of the material terms to securityholders.

The Board acknowledges tenure as a factor potentially impacting independence so assesses each director annually to ensure their independence is maintained.

The ASX guidelines states that it "recognises that the interests of a listed entity and its security holders are likely to be well served by having a mix of directors, some with a longer tenure with a deep understanding of the entity and its business and some with a shorter tenure with fresh ideas and perspective."

The Company has set the objective to increase the Board size, with the aim of adding additional independent directors, with Jane Andrews' appointment in the 2016 financial year, Sharon Doyle's appointment in the 2018 financial year, Cliff Rosenberg's appointment in the 2019 financial year, Peter Ball appointed in the 2020 financial year and Pat O'Sullivan appointed in the 2021 financial year resulting in an indisputable majority of independent directors.

TechnologyOne has aligned its Committee composition strategy to comply with the ASX Corporate Governance Principle recommendations, ensuring that newly appointed Directors are made members of the appropriate Committees once they have had sufficient time to develop a comprehensive understanding of TechnologyOne's operations.

Lead Independent Director

The Company has appointed Pat O'Sullivan as the Deputy Chair and Lead Independent Director. The Lead Independent Director represents the interests of shareholders where the Executive Chair is unable to do so due to a conflict of interest.

The role of Lead Independent Director includes:

- Representing the independent Directors as the most senior independent Director;
- Acting as principle liaison between the independent Directors and the Chair; and
- Advising the Board with reference to the other independent Directors on the matters where there is a conflict of interest.

Director Appointments

All Directors, both Executive and Non-Executive, receive written notifications of their appointment and a new Director induction pack which details the terms and conditions of their appointment, remuneration (including superannuation contributions), continuous disclosure requirements (including interests in the Company), ongoing confidentiality obligations, Company policies on when to seek independent professional advice, and the Company's indemnity and insurance measures.

Prior to appointment, appropriate checks are undertaken on the candidates and relevant information provided to shareholders to consider when voting on the election of the Director. Relevant information is also provided for shareholders to consider when voting to re-elect existing Directors upon rotation. Executive Directors and Senior Executives of the Company will also have formal written employment agreements which set out the terms of their employment, roles and responsibilities, reporting lines, remuneration, confidentiality and termination provisions.

All Directors and Senior Executives are required to comply with key corporate policies which include, but are not limited to, Code of Business Conduct, Share Trading Policy, Insider Trading Policy, Privacy Policy and Diversity Policy.

All new Directors and Senior Executives participate in the Company's formal on-boarding program which includes an induction program which incorporates meetings with key Senior Executives.

Company Secretary

The Company has a Company Secretary that is appointed by the Board by resolution.

The Company Secretary is accountable directly to the Board, through the Chair.

The role of the Company Secretary is as follows:

- Advising the Board and Committees on governance matters:
- Monitoring adherence of Board and Committees to policies and procedures.
- Coordinating timely completion and despatch of Board and Committee papers.
- Ensuring business at Board and Committee meeting is accurately captured in the minutes.
- Helping to organise and facilitate induction and professional development of Directors.

Audit & risk committee

The Board has established an Audit & Risk Committee. The Committee is comprised of:

Name	Position
Peter Ball (Chair)	Independent Non-Executive Director
Jane Andrews	Independent Non-Executive Director
Sharon Doyle	Independent Non-Executive Director
Pat O'Sullivan	Independent Non-Executive Director

The role of the Committee is to:

- Ensure the integrity in financial reporting (refer section below – Safeguard Integrity in Financial Reporting).
- Review for accuracy financial statements for each reporting period prior to approval by the Board, and publishing.
- Ensure required declarations from the Company's Chief Executive Officer and Chief Financial Officer are received for each reporting period.
- Ensure that the financial statements for each reporting period comply with appropriate accounting standards.
- Regularly review Accounting Standards and Company Policies in conjunction with the Auditors and recommend adoption/changes to the Board.
- Directly follow-up action where considered necessary.
- Relay any matters of concern to the Board.
- Oversight of the Company's group taxation matters and ongoing development.
- Review of taxation governance processes, policies, control framework and reporting.
- Ensure that systems of internal control are functioning effectively and economically and that these systems and practices contribute to the achievement of the Company's corporate objectives.
- Ensure the Internal Audit Function maintains a high standard of performance
- Receive and review reports from the external Auditor.
- Oversight of the process to ensure the independence and competence of the Company's external auditors.
- Review the performance of the external auditor on an annual basis.
- Recommend the selection and the appointment of the external Auditors, based on specified criteria.
- Monitor compliance with the requirements of the Corporations Act, Listing Rules, Australian and Foreign Taxation Offices and other related legal obligations.
- Make recommendations to the Board on specific risk management matters that may relate to industry and regulatory changes.

The number of meetings held during the years and the attendance of the members is provided in the Annual Report.

The Audit & Risk Committee Charter is available on the Company's website.

Principles of the Audit & Risk Committee

The Committee operates in accordance with the following broad principles:

- Advise and assist the Board in fulfilling its responsibilities relating to financial management, risk oversight and reporting functions and in safeguarding the Company's assets;
- Provide a means of easy access to the Board for the external auditors in order to assist them in performing their functions;
- Assign the Secretary of the Committee such duties and responsibilities as the Committee may deem appropriate.
- Do other things and take other actions as are necessary or prudent to fulfil the responsibilities of the Committee, provided that no action will be taken without prior approval of the Board.
- TechnologyOne requires the rotation of the external audit partner every five years. The Audit & Risk Committee includes members who are financially literate; and at least one member who has financial expertise, preferably a qualified accountant.

Remuneration committee

The Board has established a Remuneration Committee. The Committee is comprised of:

Name	Position
Jane Andrews (Chair)	Independent Non-Executive Director
Cliff Rosenberg	Independent Non-Executive Director
Ron McLean	Independent Non-Executive Director

The Board has established a Remuneration Committee. The Committee is comprised of:

- To advise the Board with regard to the Company's broad policy for Senior Executive and Director remuneration.
- To determine, on behalf of the Board, the individual remuneration packages for Senior Executives and Directors.
- To give the Company's Senior Executives encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contribution.

The number of meetings held during the years and the attendance of the members is provided in the Annual Report.

The Remuneration Committee Charter is available on the Company's website.

Non-Executive Directors' remuneration is determined by the Board within the aggregate amount per annum which may be paid in Directors' fees.

Principles of the remuneration committee

The committee operates in accordance with the following broad principles:

- The committee should provide the packages needed to attract, retain and motivate Senior Executives, but avoid paying more than is necessary.
- The committee should judge where to position the Company relative to other companies. Be aware of comparable companies' pay, but exercise caution.
- The committee should be sensitive to the wider scene, especially with regard to salary increases.
- Performance related elements should form a significant proportion of the package; should align interests with those of shareholders; and should provide keen incentives.

Nomination & Governance Committee

The Board has established a Nomination & Governance Committee. The Committee is comprised of:

Name	Position
Richard Anstey (Chair)	Independent Non-Executive Director
Sharon Doyle	Independent Non-Executive Director
Jane Andrews	Independent Non-Executive Director

The role of the Committee is as follows:

- Assessment of the necessary and desirable competencies and experience for Board membership.
- Evaluation of the membership of the Board, Audit & Risk and Remuneration committees, and their membership.
- Evaluation initially and on an on-going basis of Non-Executive Director's professional development, commitments, and their ability to commit the necessary time required to fulfil their duties to a high standard.
- Adherence by Directors to the Director's Code of Conduct and to good corporate governance.
- Review of Board succession plans.
- Recommendation for changes to committees.
- Recommendation of, and undertaking the appropriate checks, before for the appointment of new Directors.
- Recommendation of, and undertaking the appropriate checks, for the endorsement or non-endorsement of existing Directors.
- Ensuring that an effective induction process is in place for new Board members.
- Review and oversight of the Company's Corporate Governance Statement and governance related policies.
- Review and oversight of the Company's Environmental, Social & Governance (ESG) strategy and Sustainability Reporting
- Oversee compliance with Modern Slavery Regulations

The number of meetings held during the years and the attendance of the members is provided in the Annual Report.

The Nomination & Governance Committee Charter is available on the Company's website

Principles of the Nomination & Governance Committee

The committee operates in accordance with the following broad principles:

- The Nomination & Governance Committee is entitled to seek the advice of an external consultant.
- The Nomination & Governance Committee will make recommendations to the Board. The Board is responsible to appoint the most suitable candidate, after receiving recommendations from the Nomination & Governance Committee. The nominated appointee upon acceptance will hold office until the next Annual General Meeting, where the appointee will stand for election.
- The Board is responsible to either recommend/not recommend the endorsement of a Director at the next Annual General Meeting.
- The name of all candidates submitted for election as Director is accompanied with necessary information required by shareholders to make an informed decision including biographical details, competencies, qualifications, details of relationships between the Company, the candidate and Directors; other directorships held, particulars of other positions held which involve significant time commitments, and any other particulars required by law or good corporate governance. For existing Directors standing for re-election, the number of years as a Director of TechnologyOne will also be provided in the Annual Report.
- Directors (with the exception of the Managing Director who is appointed by the Board) must stand for re-election every three years in accordance with the Company's Constitution. One third of the Directors retire from office at each Annual General Meeting and are eligible to nominate for re-election.
- A structured process has been established to review and evaluate the performance of the Board and its Committees. This process also identifies ways to improve their performance, interaction with management, and quality of information provided.

The following information is provided in the Annual Report:

- The skills, experience and expertise relevant to the position of Director.
- The names of Directors considered by the Board to constitute independent Directors and the Company's materiality thresholds.
- The term of office held by each Director.
- The number of meetings held by the Nomination & Governance Committee and the names of attendees.
- Explanation of any departures from the ASX Corporate Governance Principles and Recommendations.

Assessment of Director Independence

The Board has determined that an independent Director will meet all of the following criteria:

- Is not an Executive Director (i.e. not a member of the management team)
- Is not a substantial shareholder of the Company, as defined by Section 9 of the Corporations Act, or an officer of a company that is a substantial shareholder.
- Is not directly associated with a substantial shareholder of the Company.
- Within the last three years, has not been employed in an Executive capacity by the Company or another group member, or been appointed a Director within three years after ceasing to hold such employment, insofar as the Director was not appointed prior to the introduction of the ASX Principles of Good Corporate Governance in March 2003.
- Within the last three years, has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider.
- Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated, either directly or indirectly, with a material supplier or customer. This includes family members being in these categories.
- Has no material contractual relationship with the Company or another group member other than as a Director of the Company.
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interest of the Company.

Corporate Governance Principles & Recommendations

Ethical Standards and Code of Business Conduct

All Directors, Executives and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics, and strive at all times to enhance the reputation and performance of the Company.

A Code of Business Conduct has been established which is applicable to each of the following:

- Directors
- Chief Executive Officer
- Chief Financial Officer
- Executives
- Employees

The Codes of Business Conduct has been approved by the Board, and given their full support.

The Code addresses:

- Responsibilities to shareholders, and clients.
- "The TechnologyOne Way", which refers to the success of the Company coming from our shared values, our entrepreneurial spirit and innovation.
- Employment practices (anti-discrimination, occupational health and safety, etc.).
- Responsibilities to the community.
- Responsibilities to the individual.
- Compliance with the codes.

In addition, the Executive Chair, Chief Executive Officer, Chief Financial Officer, Executives and all employees have employment agreements, which include job descriptions. These job descriptions describe their duties, rights and responsibilities.

In conjunction with the Code of Business Conduct, TechnologyOne has developed a Whistleblower Policy and Bribery & Corruption Policy. The Whistleblower Policy encourages employees to come forward with concerns that the entity is not acting lawfully, ethically or in a socially responsible manner and provides suitable protections if they do. The Board will be informed of any material concerns raised that call into question the culture of TechnologyOne or have been raised under the Bribery & Corruption Policy.

The Board is informed of any material breaches of the Code of Business Conduct by a Director or Senior Executive and of any other material breaches of the code that call into question the culture of the organisation.

Diversity Policy

TechnologyOne has an inclusive diversity policy which covers the broader dimension of diversity covering aspects of gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender orientation within the total organisation, including the Board, and senior management. In conjunction with this policy, the Company has measurable objectives which are assessed and reported in the annual report.

The diversity of TechnologyOne remains fundamental to our ongoing success. TechnologyOne has established a Diversity Policy which reflects the Company's commitment to providing an inclusive workplace.

A summary of the Diversity Policy is following:

- Diversity is one of TechnologyOne's strengths. TechnologyOne values this diversity and recognises the individual contribution our people can make and the opportunity for innovation such diversity brings.
- TechnologyOne believes that we will achieve greater success by providing our people with an environment that respects the dignity of every individual, fosters trust, and allows every person the opportunity to realise their full potential.
- TechnologyOne is committed to providing an inclusive workplace and our commitment to diversity extends to our interactions with customer and suppliers.

The Board has developed and has oversight of the following diversity objectives:

- Ensuring compliance with the published diversity policy.
- Not less than 30% of the Board to be of each gender by 2025 (to allow for the Board transition)
- 70% of all vacant roles are to have at least one female candidate shortlisted.
- Maintain reporting measures that are in compliance with both the ASX guidelines and Workplace Gender Equality Agency.
- Continue to identify employee feedback mechanisms through the review of existing forums and information provided as well as the identification of appropriate new mechanisms for employee consultation.

- Maintain existing educational programs that support diversity including but not limited to induction, on boarding and leadership programs.

The Company's 2021 Workplace Gender Equality Agency report can be found on the 'Investor Relations' section of the Company's website.

TechnologyOne has a history of supporting initiatives aimed at promoting the technology sector as a career choice for women. We have continued our support of the Tech Girls Movement, Women in Technology and Women in Digital to promote diversity and to be seen as an employer of choice for women in the technology industry. We also partner with the Computer Society Foundation to sponsor the national Big Day In series, which is designed to inspire high school and university students to pursue careers in the IT industry.

We have policies in place in relation to anti-discrimination and workplace gender equality, diversity, sexual harassment, flexible working arrangements and paid parental leave.

Safeguard Integrity In Financial Reporting

The Company has established a structure of reviews and authorisations designed to ensure the truthful and factual presentation of the Company's financial position. This includes:

- The establishment of an Audit & Risk Committee, and the review and consideration of the accounts by the Audit & Risk Committee.
- Process to ensure the independence and competence of the Company's external auditors.
- Requirement that the CEO and CFO state in writing to the Board that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition; operational results are in accordance with the relevant accounting standards and the Company's Risk Management and Internal Compliance and Control System is operating efficiently and effectively in all material respects.
- Ensuring that the Company's external Auditor attends the Company's Annual General Meeting each year
- Verification of statements and data supplied in the annual Directors' report and other corporate reports to ensure that the releases to the market are accurate, balanced and understandable and provide investors with appropriate information to make informed investment decisions.
- Disclosure of the annual tax transparency statement.

The Company put the external audit services to tender in 2020 which is another example of how the Company expresses its dedication to ensuring integrity of the financial reporting is maintained.

Continuous disclosure

The Company Secretary working closely with the Executive Chair, have been delegated responsibility for the continuous disclosure of information to the market, to ensure:

- All investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced way, requiring the disclosure of both positive and negative information.
- When analysts are briefed on aspects of the Company's operations, the market is forewarned, and the materials used in such presentations are also released to the ASX and posted on the Company's website.
- Any information that a reasonable person would expect to have a material effect on the price or value of the Company's share price (as per Listing Rule 3.1) is immediately notified to the ASX.

The Company has established a documented procedure to handle continuous disclosure requirements. Directors are provided with copies of all announcements made under listing rule 3.1 promptly once made

Risk Assessment Management

The Company has adopted an active approach to risk management and the Board recognises that the Company's participation in commercial and operational activities require a certain level of risk. As such, the Board has delegated the risk management function to the management of the Company with oversight by the Board. A standing Item has been included in the Board agenda to consider the Enterprise Risk Register.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to the financial reporting risks.

The risk appetite of the Company takes into account the level of risk and risk combinations that the Board is prepared to take to achieve strategic objectives together with the level of risk shock that the Company is able to withstand.

The Company has performed an annual risk review and have identified a number of key risk categories for the business.

Human Risk

The Company has identified that it has a material risk in relation to the human element of the business. The Company manages human risk by undertaking half yearly performance assessments and reviews, performance management (where necessary), succession planning, key talent retention strategies, having human resources business partners assigned to each operating steam of the Company to work with the business on any concerns raised, and by conducting half yearly surveys of managers to identify any known issues. The Board is provided with a summary of these issues as part of the Group Director – People & Culture's report tabled at each board meeting.

Key Risks

The Company's focus on risk management is primarily conducted through the Board, with a number of identified areas of specific risks as follows:

Contract Risk

The Company has established a Contract Approval Process that reviews all proposed new contracts with non-standard terms prior to signing to ensure the contracts can be fulfilled, the risks are known and can be managed, and that the contract can be completed profitably without exposing the Company to ongoing liabilities.

Financial Risk

The Company has an Executive Committee that reviews the Company's financial exposure with a particular focus in the area of Outstanding Debtors.

Data Security & Privacy Risks

TechnologyOne has successfully completed the Information Security Registered Assessors Program (IRAP) assessment for PROTECTED classified data. This provides our SaaS customers with an increased cyber security posture and greater certainty in a constantly evolving cyber security landscape. This was achieved by leveraging the strong compliance and security foundations established over recent years and is a testament to TechnologyOne's mature security practices, accountability mechanisms and belief in continuous assessment and improvement.

The Company has a robust data security and privacy program developed to meet the requirements set out in Australia's Privacy Amendments (Notifiable Data Breaches) Act 2017, UK Data Protection Act 2018 (DPA Act) and the EU General Data Protection Regulation. This program ensures security is considered throughout the day to day operations of the Company and is backed by an independently verified process for dealing promptly with matters should they arise. The Company also is certified to the standards required in ISO27000, ISO9001, SOC1, SOC2 and SOC3 (Service Organisation Controls).

Software Risk

The Company has an executive R&D Committee that reviews Software Release management, including resourcing and development issues.

Insurance Risk

The Board of TechnologyOne, on an annual basis, reviews the Company's insurance requirements and compares this to the level of cover provided to ensure it is adequately covered.

Project Risk

The Board requires the Chief Executive Officer to report on any customer implementation project that may be at significant risk of either incurring substantial penalties or incurring substantial over-runs. In addition, the Company has established a Consulting Practice Management Team that reviews current projects and consulting activities to provide an early detection mechanism to ensure that any activities that pose a significant risk to the Company are identified and resolved before exposing the Company to potential liabilities.

Sustainability Risk

The Company believes that it does not have material exposure to specific economic, environmental, or social sustainability risks due to controls implemented. However, the company recognises the importance of these to its stakeholders and has developed a Sustainability Report to outline the Company's position and initiatives across a number of sustainability risks.

The Sustainability Report provides the Company's initiatives and targets on items including:

- Diversity,
- Customer satisfaction
- Employee satisfaction
- Corporate culture
- Ethical business practices
- Community support
- Environmental sustainability practices

The Company has engaged external subject matter experts to assist in the preparation of environmental risk reporting aligned with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. The Board acknowledges that climate change is both an environmental and economic issue. TCFD disclosures are now provided in the Financial Statements and in the annually published Sustainability Report.

The Sustainability Report is available on the Company's website.

Accounting Standards And Company Policies

Adhering to Accounting Standards and Company Policies, and the appropriate interpretation of such policies/standards, is seen as critical to managing the financial risk of Technology One. Accounting Standards and Company policies are reviewed on a regular basis by the Audit & Risk Committee working in conjunction with the Auditors, and recommendations for adoption/change are made to the Board. Compliance with Accounting Standards and Company policies are included as part of the Auditors annual review.

Internal Controls and Compliance

The Company has an internal control framework that consists of:

- Written policies and procedures.
- Division of responsibilities to ensure appropriate segregation of duties.
- Careful selection of high calibre well qualified staff.

TechnologyOne undertakes Internal Audits in accordance with the Internal Audit schedule as approved by the Audit & Risk Committee. These audits are undertaken by the Governance, Risk & Compliance Team and reported directly through to the Audit & Risk Committee. Independent auditors are engaged to review the Company's internal controls and compliance and to provide a report to the Audit & Risk Committee. The Audit & Risk Committee oversees the Company's compliance program with relevant international standards (including ISO 9001, 27000 series, SOC 1, 2 & 3).

The Company has established Practice Management teams in each business area to undertake reviews of compliance with certain operational policies and procedures. Each Practice Management Team provides quarterly reporting of their findings to the Audit & Risk Committee. An independent audit of the Practice Management reviews is undertaken by the Internal Audit team annually.

Remuneration Principles

TechnologyOne believes in the full disclosure of remuneration of its Directors and Executives to the market, on at least an annual basis. Disclosure will include all monetary and non-monetary remuneration including salary, fees, non-cash benefits, bonuses or profit share accruing each year irrespective of payment, superannuation contributions, entitlements at termination or retirement, value of shares or options issued and sign-on payments.

As a matter of principle, TechnologyOne has adopted the following guidelines to motivate Directors and Executives to pursue long-term growth, and ensure their interests and those of the shareholders are closely aligned:

- Remuneration packages should be set in the context of what is reasonable and fair, taking into account the Company's legal and industrial obligations, labour market conditions, the scale of the business and competitive forces.
- Non-Executive Directors should be remunerated solely on the basis of a cash payment, plus superannuation contributions as required by law. Non-Executive Directors should not be provided

with bonuses, options, shares, loans or any other non-cash component. They should not participate in schemes designed for the remuneration of Executives. The Company does not provide a Director's Retirement Plan.

- Non-Executive Directors will not be provided termination or retirement payments other than statutory superannuation.
- Company Executives (including Executive Directors) should be provided with a significant component of their expected salary on "an at-risk basis", tied to the Company's profit target. Shares, Options or Performance Rights may also be provided as part of the "at risk component", but these must be tied to performance hurdles. The performance hurdles are to be reasonable, objective and measurable. Vesting of securities is also subject to malus and clawback provisions.
- Termination payments should be agreed in writing and in advance if any are to be provided.

Performance Evaluation Board

The Board meets annually for the purpose of reviewing and evaluating the performance of the Board as a whole, each Committee, key Executives and each Director individually in meeting key responsibilities and achieving its objectives.

The following areas were considered by the Board in its 2021 annual review:

- Performance evaluation of Directors and Senior Executives.
- Review of skills and experience of the Board for current operations of the Company and identification of any shortfalls.
- Director succession planning.
- Review of current legislation in relation to any age restrictions.
- Review of independence of each Director.
- Review of skills matrix to ensure relevance of required skills.

To assist the Board in maximising its effectiveness, the Board and Nomination & Governance Committee have a skills matrix to provide objective information about each Director and the Board as a whole during the past year.

Each Director is encouraged to discuss any issue concerning Board performance with the Chair at any time.

Directors are encouraged to maintain and improve their knowledge, skills and expertise through briefings, seminars and going professional development programs.

Remuneration of the Board is assessed every three (3) years against comparative data for Australian publicly listed companies supplied by an independent consultant and reported to the Remuneration Committee. The relative risk, time, effort, complexity of the underlying business, competency of the management team, financial performance and track record, clarity of strategy as well as the number of Board meeting required to oversee the business are used as benchmarks to determine the appropriate level of Director's fees. For years where a formal assessment of remuneration is not conducted, the Director's fees are increased by the Australian Consumer Price Index (CPI).

Senior Executives

The performance of Senior Executives is reviewed and evaluated annually by a combination of the Company's internal performance management program managed by the Company's human resources department and as part of the formal remuneration review that is conducted annually by the Remuneration Committee.

Trading in Company Securities

The Directors have resolved to adopt the following policy in relation to trading by Directors and Officers in the Company's shares.

- The Directors and Senior Executives will not engage in short term trading of the Company's shares.
- The Directors and Senior Executives will not buy or sell shares at a time when they possess information which, if disclosed publicly, would be likely to materially affect the market price of the Company's shares. Information is not considered to be generally available until a reasonable time has elapsed to allow the market to absorb these announcements.

The Directors and Senior Executives are not permitted to use the Company's shares as security for margin loans. To assist Directors and Senior Executives in abiding by these principles the following rules have been established, relating to when Directors and Senior Executives can buy and sell the Company's shares:

For 50 days from the day following the release of the following information to the market:

- the half yearly financial statement
- the annual financial statement
- other reports relating to the financial performance or financial status of the Company.

At all times, the Director or Senior Executive must notify the Board (as a minimum the Chair) in advance of any intended transactions involving the Company's shares. It is recognised that there may be circumstances where it may not be appropriate for Directors and Senior Executives to buy and sell within the above 50-day window in the event the Company is involved in strategic initiatives (such as acquisitions), which could materially affect the market price of the Company's shares.

The Directors and Senior Executives must advise the Company Secretary of any completed trades immediately once each transaction is done. This will allow the Company Secretary sufficient time to notify the ASX of the change in shareholding within the required period.

A register of Director's holdings is made available for inspection at every Board meeting

This policy applies to Directors and Senior Executives (including their nominee companies) and the entities which they control.

For the purpose of this Policy, Senior Executive is deemed to include the following parties:

a) persons named by the Executive Chair from time to time who may be involved in strategic issues

b) persons named by the Executive Chair from time to time who are involved in financial reporting

c) Senior Executives of the Company as defined as Officers in section 9 of the Corporations Act being: 'any person by whatever name called who is concerned or takes part in the management of the Company'.

In addition to the policy for Directors and Senior Executives, all employees are reminded of the Insider Trading provisions of the Corporations Act. Staff are reminded of their obligations during the Trading Windows.

Shareholders' Rights And Communication

The Board of Directors aim to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. The information is communicated to shareholders, and forms part of the Company's two-way investor relations program:

- By ensuring that all shareholders can elect to receive information and communications from the Company's share registry either physically or electronically and can update their preferences through the share registry.
- By the Annual Report being distributed to all shareholders. The Board ensures the Annual Report contains all relevant information about the operations of the Company during the financial year, together with details of future developments and other disclosures required under the Corporations Act 2001.
- By publishing its Notice of Meetings and Explanatory Memorandum for each Annual General Meeting or other such meetings as required from time to time; By encouraging shareholders to attend and participate in the Company's Annual General Meeting;
- By encouraging shareholder to attend and participate in the Company's Annual General Meeting.
- By encouraging shareholders to participate in proxy voting should they be unable to attend the Company's Annual General Meeting.
- By enabling shareholders to pose questions to the Company in the lead up to the Annual General Meeting for responding during the meeting;
- By the Half Year results released to the market;
- By disclosures forwarded to the ASX under the Company's continuous disclosure obligations;
- Through the Company's website, under a special area called Investor Relations;
- By the Company's participation in scheduled briefings with institutional shareholders and security analysts;
- By the participation of the Company's Auditors and Solicitors at the Annual General Meeting.

All information communicated by the Company is in accordance with its continuous disclosure requirements under ASX Listing Rule 3.1.

Non-Compliance with ASX Corporate Governance Principles & Recommendations 4th Edition

The Board of Technology One believes in working to the highest standards of Corporate Governance. Notwithstanding this, the Board believes it is important to recognise there is not a 'one size fits all' to good corporate governance, and that it is important to consider the size of the Company, the industry it operates within, the corporate history and the Company's inherent strengths.

The ASX Corporate Governance Council has recognised this fact and has allowed companies to explain where they do not comply with the Corporate Governance Principles and Recommendations 4th Edition.

The Company has complied with the majority of recommendations, with the exception of the following. The Board believes the area of non-conformance shown below will not impact the Company's ability to meet the highest standards of Corporate Governance and will at the same time allow the Company to capitalize on its inherent strengths.

This section highlights the area of non-compliance and explains why it is appropriate.

Independent Chair (Refer ASX Corporate Guidelines – Recommendation 2.5)

The Board is of the opinion it should maximise the vision, skills and deep industry knowledge of the Company's founder and major shareholder, Mr Di Marco, to continue to lead the Company forward. He has a long and proven track record of creating significant shareholder wealth for the Company as its Chair, since listing on the ASX in 1999.

The Board believes Mr Di Marco continues to be the best candidate to clearly communicate the Company's vision, strategy and to set market expectations. To this end it is seen as appropriate that Mr Di Marco should remain as Executive Chair of the Company. There is no empirical evidence to support the preference of an Independent Chair.

The ASX Corporate Governance Principles and Recommendations propose that "if the Chair is not an independent Director, a listed entity should consider the appointment of an independent director as the Deputy Chair". Mr Pat O'Sullivan was appointed Deputy Chair and Lead Independent Director from his appointment to the Board on 2 March 2021.

On 23 May 2017, Mr Edward Chung was appointed as Chief Executive Officer.

Mr Di Marco is not deemed an independent under the ASX guidelines due to him being a substantial shareholder. This, however, aligns Mr Di Marco with the interests of the Company's shareholders.

Voluntary Tax Transparency Report

TechnologyOne has a strong commitment to transparency and compliance. TechnologyOne supports the objectives of the Government and the Board of Taxation to provide stakeholders with additional information and confidence that a company is compliant with their statutory obligations.

The information provided complies with the standard of disclosure expected of 'large businesses' under the Voluntary Tax Transparency Code.

The requirements of the Code are broken into Part A, which forms part of the tax notes as referenced below and Part B as disclosed below. The make-up of the respective parts is as follows:

(i) Part A:

- Effective company tax rates for our Australian and global operations (Note 7). The effective tax rate of the Australian Group for FY21 is 25.7%
- A reconciliation of accounting profit to tax expense and to income tax payable (Note 7)
- Identification of material temporary and non-temporary differences (Note 7)

(ii) Part B

- Tax policy, tax strategy and governance
- Information about international related party dealings
- A tax contribution summary of income tax paid.

Information in relation to the year ended 30 September 2021 is set out below.

Our Approach to Tax

TechnologyOne has a tax governance framework which has been approved by the Board. Tax falls under the oversight of the Audit and Risk Committee.

Tax is one of a broad range of commercial factors taken into account when assessing and undertaking investment activities.

TechnologyOne is conservative in its approach to tax risk. TechnologyOne aims to achieve full compliance with tax obligations in each tax jurisdiction in which it operates. In accordance with its commitment to best practice corporate governance and a culture of excellence, TechnologyOne will not enter into any arrangements that may be regarded as tax evasion.

The Tax Risk Governance Policy includes a framework for the internal escalation process for referring matters to the CFO. The CFO must report any material tax issues to the Board. TechnologyOne will not pursue aggressive tax positions or strategies or adopt positions that are not able to be supported or defended in a court of law. Where the tax law is unclear or subject to interpretation, advice is obtained and when necessary the Australian Taxation Office (ATO) (or other relevant tax authority) is consulted to ensure certainty.

TechnologyOne has a strong history of compliance and an open engagement with relevant tax authorities. We seek to be co-operative and transparent and to maintain collaborative relationships.

International related party dealings

TechnologyOne seeks to ensure all intercompany transactions are undertaken in accordance with the arm's length principle.

TechnologyOne has entered an Advanced Pricing Arrangements (APA) with the Australian Taxation Office.

As an Australian headquartered company, we have created and maintained significant intellectual property in Australia which has been successfully utilised in our overseas operations. Our engagement with the ATO through the APA process, seeks to ensure Australia receives a commercial return for the use of intellectual property by our overseas businesses. These returns are taxable in Australia.

In addition, loans are made to and received from foreign controlled entities for short term, medium term and long-term funding requirements. As a large global group, these transactions assist with managing cash flow and funding requirements.

Tax Contribution Summary

Below is a summary of the taxes paid, collected and remitted by TechnologyOne to the relevant revenue authorities during the financial year ended 30 September 2021.

Year ended 30 September 2021	Consolidated Global Group AUD
Corporate income taxes	7,188,927.18
Fringe benefits taxes	425,130.46
Payroll taxes	7,397,936.67
Net GST/VAT tax	29,969,082.36
Employee taxes remitted	49,862,713.88
TOTAL	**94,843,790.55**

Financial Statements

Consolidated income statement

For the year ended 30 September 2021

	Notes	2021 $'000	2020 $'000
Revenue - SaaS and continuing business		293,553	269,774
Revenue - Legacy licence business		17,742	28,493
Revenue from contracts with customers	5	311,295	298,267
Variable costs		(19,444)	(19,130)
Variable customer SaaS costs		(21,934)	(19,479)
Total variable costs		(41,378)	(38,609)
Occupancy costs	6	(1,942)	(3,259)
Corporate costs		(13,190)	(18,312)
Depreciation and amortisation	6	(25,832)	(18,638)
Computer and communication costs		(8,850)	(8,019)
Marketing costs		(7,890)	(5,296)
Employee costs	6	(110,381)	(119,615)
Share-based payments	6	(3,213)	(3,305)
Finance expense	6	(1,493)	(1,495)
Total operating costs		(172,791)	(177,939)
Other income	5(a)	717	751
Profit before income tax		97,843	82,470
Income tax expense	7	(25,152)	(19,525)
Profit for the year		72,691	62,945

		Cents	Cents
Basic earnings per share	32	22.64	19.75
Diluted earnings per share	32	22.52	19.61

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 30 September 2021

	2021 $'000	2020 $'000
Profit for the year (from above)	72,691	62,945
Other comprehensive income		
Items that may be reclassified to profit or loss Exchange differences on translation of foreign operations	(178)	286
Other comprehensive income for the year, net of tax	(178)	286
Total comprehensive income for the year	72,513	63,231

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 September 2021

	Notes	2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	142,853	125,244
Prepayments		13,429	10,851
Trade and other receivables	9	50,580	37,396
Contract assets	10	22,709	22,051
Other current assets	11	238	397
Current tax assets		-	8,077
Contract acquisition costs	13	5,001	2,956
Total current assets		234,810	206,972
Non-current assets			
Property, plant and equipment	12	7,279	8,969
Right-of-use assets	20	20,971	23,786
Intangible assets	13	61,696	37,986
Capitalised development	13	90,985	62,556
Deferred tax assets	14	26,349	28,605
Contract assets	10	2,962	-
Contract acquisition costs	13	9,676	7,035
Total non-current assets		219,918	168,937
Total assets		454,728	375,909
LIABILITIES			
Current liabilities			
Trade and other payables	15	36,567	37,123
Provisions	17	21,219	20,548
Contingent consideration	18	3,842	-
Deferred revenue	16	160,015	144,148
Current tax liabilities		2,677	-
Lease liability	20	3,342	2,148
Total current liabilities		227,662	203,967
Non-current liabilities			
Provisions	19	2,067	2,430
Contingent consideration	18	7,576	-
Other non-current liabilities		120	147
Lease liability	20	27,069	27,197
Total non-current liabilities		36,832	29,774
Total liabilities		264,494	233,741
Net assets		190,234	142,168
EQUITY			
Contributed equity	22	51,645	40,551
Other reserves	23	72,717	63,524
Retained Earnings		65,872	38,093
Total equity		190,234	142,168

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 September 2021

	Notes	Contributed equity $'000	Retained earnings $'000	Dividend reserve $'000	FOREX reserve $'000	Share option reserve $'000	Total equity $'000
Balance at 1 October 2020		**40,551**	**38,093**	**30,046**	**2,136**	**31,342**	**142,168**
Profit for the period		-	72,691	-	-	-	72,691
Exchange differences on translation of reserves		-	-	-	(178)	-	(178)
Total comprehensive income for the period		**-**	**72,691**	**-**	**(178)**	**-**	**72,513**
Dividends Paid	24	-	-	(42,504)	-	-	(42,504)
Transfer to dividends reserve		-	(44,912)	44,912	-	-	-
Exercise of share options	22	11,094	-	-	-	-	11,094
Share based payments	33	-	-	-	-	3,213	3,213
Tax impact of share trust		-	-	-	-	3,750	3,750
		11,094	(44,912)	2,408	-	6,963	(24,447)
Balance at 30 September 2021		**51,645**	**65,872**	**32,454**	**1,958**	**38,305**	**190,234**
Balance at 1 October 2019		**35,302**	**16,078**	**27,905**	**1,850**	**25,722**	**106,857**
AASB 16 opening adjustment		-	199	-	-	-	199
Adjusted opening balance		**35,302**	**16,277**	**27,905**	**1,850**	**25,722**	**107,056**
Profit for the period		-	62,945	-	-	-	62,945
Exchange differences on translation of reserves		-	-	-	286	-	286
Total comprehensive income for the period		**-**	**62,945**	**-**	**286**	**-**	**63,231**
Dividends paid	24	-	-	(38,988)	-	-	(38,988)
Transfer to dividends reserve		-	(41,129)	41,129	-	-	-
Exercise of share options	22	5,249	-	-	-	-	5,249
Share-based payments	33	-	-	-	-	3,305	3,305
Tax impact of share trust		-	-	-	-	2,315	2,315
		5,249	(41,129)	2,141	-	5,620	(28,119)
Balance at 30 September 2020		**40,551**	**38,093**	**30,046**	**2,136**	**31,342**	**142,168**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 September 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		341,812	340,405
Payments to suppliers and employees (inclusive of GST)		(217,795)	(222,036)
Interest received		225	353
Net Income taxes paid		(7,762)	(13,716)
Interest paid	20	(1,493)	(1,495)
Net cash inflow / (outflow) from operating activities	**31**	**114,987**	**103,511**
Cash flows from investing activities			
Payment for business acquisition		(11,585)	(223)
Payments for property, plant and equipment		(1,658)	(1,979)
Payments for development expenditures and intangibles		(51,269)	(42,859)
Net cash inflow / (outflow) from investing activities		**(64,512)**	**(45,061)**
Cash flows from financing activities			
Proceeds from exercise of share options		10,595	5,248
Principal repayments of lease liabilities	20	(957)	(4,512)
Dividends paid to shareholders	24	(42,504)	(38,988)
Net cash inflow / (outflow) from financing activities		**(32,866)**	**(38,252)**
Net increase / (decrease) in cash and cash equivalents		17,609	20,198
Cash and cash equivalents at the beginning of the financial year		125,244	105,046
Cash and cash equivalents at end of year	**8**	**142,853**	**125,244**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Summary of significant accounting policies

The financial report of Technology One Limited (the Company) for the year ended 30 September 2021 was authorised for issue in accordance with a resolution of Directors on 23 November 2021.

Technology One Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Technology One Limited and its subsidiaries. The nature of the operations and principal activities of the Group are described in the Directors' report.

(a) Basis of preparation

The financial report is a general-purpose financial report prepared by a for profit entity, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year except where a change has been required due to the implementation of a new accounting standard.

Certain comparative items have been reclassified in the financial statements to align with the 30 September 2021 year end disclosures.

(i) Compliance with IFRS

This financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(ii) New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Any new or amended standards that became applicable for the first time for the 30 September 2021 year end did not result in a change to the Group's accounting policies or require retrospective adjustments.

(i) Issued but not yet effective
No new standards that will have a material impact to the Group have been issued that are not in effect for the Group.

(ii) Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Technology One Limited ('Company' or 'parent entity') as at 30 September 2021 and the results of all subsidiaries for the year then ended. Technology One Limited and its subsidiaries together are referred to in this financial report as the 'Group' or the 'Consolidated entity'.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Employee Share Trust

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. At 30 September 2021, the Group had 66,897 treasury shares (2020: 61,173).

Treasury shares are shares in the Group that are held by the Employee Share Trust for the purpose of issuing shares under the TechnologyOne employee share scheme.

(iii) Business combination and goodwill

Business combinations are accounted for using the acquisition method under AASB 3 Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Technology One Limited's functional and presentation currency.

(ii) 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 income statement.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- All resulting exchange differences are recognised in other comprehensive income.

(d) Revenue recognition

The Group has the following key revenue categories:

1. SaaS Fees
2. Annual Licence Fees
3. Consulting Services
4. Initial Licence Fees

The accounting policies for each of these categories has been set out below:

Revenue categories

1. SaaS Fees

Revenue from term SaaS contracts are recognised on a daily basis over the term of the contract. Included within this category is revenue from contracts for annual SaaS licences as well as Platform services associated with initial licence fees. The Group considers that SaaS licence contracts represent a right to access the Group's licenced intellectual property and as such the performance obligation is fulfilled over the contract term.

Payment terms in respect of SaaS Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade and other receivables until paid.

Unsatisfied performance obligations in respect of SaaS Fees received or receivable are recognised as deferred revenue in the consolidated statement of financial position. Refer to note 16 for details of deferred revenue.

Costs incurred in obtaining the customer contract are expensed, unless they are incremental to obtaining the contract and the Group expects to recover those costs. Costs that meet the criteria for capitalisation will be amortised over the life of the contract that they relate to. The Group has identified certain commission costs as meeting the criteria of directly related contract costs. These costs are capitalised in the month in which they are incurred and amortised over an average contract term of 5 years. The movement in the year and the closing balance of this asset is disclosed within note 13 as 'contract acquisition costs'. This balance is presented as 'contract acquisition costs' in the statement of financial position.

2. Annual Licence Fees

Revenue from Annual Licence Fees are recognised on a daily basis over the term of the contract. The Group considers that the performance obligation in respect of these services is satisfied over time.

Payment terms in respect of Annual Licence Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade and other receivables until paid.

Unsatisfied performance obligations in respect of Annual Licence Fees are disclosed as deferred revenue in the consolidated statement of financial position. Refer to note 16 for details of deferred revenue.

3. Consulting Services

Consulting services includes services for licenced software and project services revenue.

Revenue from these services is recognised as services are rendered, typically in accordance with the achievement of contract milestones and/or hours expended.

4. **Initial licence fees**

Initial Licence Fees includes both perpetual licence fees and subscription term licences and are recognised on provision of the software. The Group considers that such contracts represent a right to use the Group's licenced intellectual property and as such the performance obligation is fulfilled at the point in time at which the customer receives the licence key.

Payment terms in respect of Initial Licence Fees are typically within 14 to 30 days of invoice. Invoiced amounts are reflected in trade and other receivables.

Perpetual licence fees are typically invoiced upfront on signing the contract but subscription term licences are billed annually throughout the subscription period.

As the performance obligation is satisfied at a point in time (i.e. at contract delivery), there are no unsatisfied performance obligations in respect of Initial Licence Fees.

The Group considers the effects of variable consideration, reviews the contracts to identify if a significant financing component exists and considers the standalone pricing of the initial licence fees when allocating the transaction price of the contract to the performance obligation.

Associated contract balances

Under AASB 15, the timing of revenue recognition, customer invoicing and cash collections results in the recognition of trade and other receivables, contract asset and deferred revenue (contract liability) on the Group's Consolidated statement of financial position. At 30 September 2021, the statement of financial position shows a current liability balance of $228m (30 September 2020: $204m) which is largely attributable to the deferred revenue balance in current liabilities. As deferred revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised in future periods, and not a future cash outflow, this balance does not impact the Group's ability to meet its short-term obligations as and when they fall due.

Revenue Groups disclosed in the consolidated income statement

The Group has the following revenue groups:

1. Revenue – SaaS and continuing business

   The Group defines continuing business as those revenue streams that form part of the growth strategy. Namely this includes SaaS, Annual Licence Fees and consulting services.

2. Revenue – Legacy licence business

   The legacy licence fee business encompasses the sale of initial licences which will continue to decline as our customers transition to SaaS, growing the SaaS and continuing business revenue. Included within this revenue group is Annual Licence Fees recognised from the date the associated initial licence is delivered until the end of the first financial year post signing.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Technology One Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The head entity, Technology One Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112.

The Group created an Employee Share Trust during 2009 which allows an employee on the exercise of an option to hold the share in the Trust. As per AASB 112, on granting the option, the Group now records a deferred tax asset on the expected value of the share.

If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, the difference is recognised directly in equity. When the employee exercises the option, the tax effect difference between the actual market value and what was recorded as a deferred tax asset is recognised in equity.

AASB Interpretation 23 Uncertainty over Income Tax Treatments clarifies how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. This does not have a material impact on the Group.

(f) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), 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 have been identified based on the information provided to the chief operating decision maker - being the Chief Executive Officer.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(g) Leases

AASB 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group's lease portfolio primarily consists of property leases. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Lease contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease liability

The lease liability is initially measured at the present value of outstanding lease payments (including those to be made under reasonably certain extension options). The payments used in this calculation include the following:

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

The lease payments above are discounted using the interest rate implicit in the lease if that rate is readily determinable. This is not the case for the Group's current leases. When the interest rate implicit in the lease is not readily determinable AASB 16 requires the use of the incremental borrowing rate to calculate the present value of the lease payments. This rate is the rate of interest that a lessee would have to pay to borrow the funds necessary to purchase the right of use asset, over a similar term and with a similar security, in similar economic environment.

The most appropriate rate to use as a starting point in determining the incremental borrowing rate would be the interest rate incurred on existing borrowings. However, the Group does not have any existing borrowings. In the absence of this the Group uses the swap curve with a corresponding rating as the starting point in determining the incremental borrowing rate. In line with the accounting standard the Group adjusts the swap curve rate for the term of the leases, the value of the leases and the creditworthiness of the Group.

Once the lease liability has been recognised on the balance sheet the periodic lease repayments are allocated between an interest and a principal element. The interest is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Right-of-use asset

The right-of-use asset is initially calculated as being equal to the lease liability and then adjusted for the following:

- Lease payments made on or before the commencement date less any incentives received
- Any initial direct costs, and
- An estimate of restoration costs.

This right-of-use asset is then depreciated on a straight-line basis over the calculated lease term.

Right-of-use assets are also subject to impairment testing under AASB 136 Impairment of assets.

Short term and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(h) Variable costs

The components to variable costs are made up of:

- Costs incurred in obtaining an initial licence fee contract as well as incentives on achievement of KPIs. These are expensed as incurred.
- Costs incurred in fulfilling the contract with a customer are capitalised if the requirements in AASB 15 are fulfilled and are then amortised in line with the satisfaction of the related performance obligation. The expense is recognised within the Depreciation and Amortisation line of the Consolidated Statement of Profit or Loss.

(i) Variable customer SaaS costs

Variable customer SaaS costs relate to costs incurred in providing our customers with access to our SaaS Platform. These costs are expensed as incurred.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Financial assets and liabilities

Financial instruments recognised in the statement of financial position include; cash and cash equivalents, trade and other receivables, contract assets, trade payables and contingent consideration.

(i) Classification

The Group classifies its financial assets and financial liabilities into the following measurement categories;

- those to be measured at amortised cost (using the effective interest method) and;
- those to be measured at fair value with changes through the profit or loss (FVPL).

Classification into these categories is based on an assessment of the Groups' business model for managing its financial instruments and the contractual terms of the cash flows.

(ii) Measurement

Amortised cost
Under this method the financial instrument is measured at the amount recognised at initial recognition minus principal repayments. Further adjustments to the carrying value of the financial instrument will arise if there is a modification to the contractual cash flows creating a gain/loss in the measurement or if there is no longer a reasonable expectation of recovery of a financial asset resulting in a write off.

FVPL
The financial instrument is measured at fair value. Changes in fair value are recognised in profit and loss as they arise.

(iii) Impairment

The Group recognises impairment losses on its financial assets carried at amortised cost using an expected credit losses (ECL) model in line with AASB 9 Financial Instruments. The ECL model essentially aims to calculate the Assets' credit risk. It involves consideration of scenarios that would lead to default, calculating the shortfall between what is contractually due and what would be received under each scenario and then multiplying the shortfall/loss by the probability of the default situation occurring.

The Group has elected to apply the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. The Group has also made use of the practical expedient available for calculating expected credit losses for short term receivables. This practical expedient involves using a “provision matrix” to calculate the loss allowance. This matrix is based on historical default rates over the expected life of the trade receivables and it is adjusted for forward-looking estimates.

A 6-month historical default rate is applied to the trade receivables balance to calculate the expected credit loss. This appears as a provision against the trade receivables balance. Movements in this provision are recognised as an expense in the consolidated income statement to the extent that the related revenue has been recognised in the consolidated income statement. If a receivable balance is identified as being unrecoverable it is written off against the allowance for expected credit losses.

(l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents are presented in the consolidated statement of cash flows, net of outstanding bank overdrafts.

(m) Trade and other receivables

Trade and other receivables are recognised initially at transaction price which is deemed to be fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are typically due for settlement within 14 to 30 days.

The Group uses the simplified approach to measuring expected credit losses. The movement in the expected credit loss is recognised in the income statement within corporate expenses.

(n) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the assets as follows:

Office furniture and equipment	3-11 years
Computer software	3-4 years
Motor vehicles	4-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

(o) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose (note 4).

(ii) Intellectual property/source code

Intangible assets acquired separately are capitalised at cost, and if acquired as a result of a business combination, capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to all classes of intangible assets. The useful lives of the intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on intangible assets with finite lives, this expense is taken to the Income Statement through the 'depreciation and amortisation expense' line item. Intangible assets with finite lives are tested for impairment where an indicator of impairment exists. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Intellectual Property/Source Code is amortised on a straight line basis over 3-8 years.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the intangible asset is derecognised.

(iii) Software development

Research expenditure is recognised as an expense as incurred. Research costs are largely made up of employee labour which is included in employee costs in the consolidated income statement. Development expenditure is only capitalised if the recognition requirements within AASB 138 have been fulfilled and an economic benefit of more than 12 months is expected.

Costs that are directly associated with the development of this software (largely CiAnywhere products) are recognised as an intangible asset where the following criteria are met:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) Intention to complete the intangible asset and use or sell it;

(c) Ability to use or sell the intangible asset;

(d) How the intangible asset will generate probable economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and

(f) Ability to measure reliably the expenditure attributable to the intangible asset during its development.

As a SaaS company, access is provided to our products via a SaaS platform over a prolonged term. The technical feasibility of our products can be established through pre-defined project roadmaps.

TechnologyOne follows a robust process to ensure the accuracy of the amounts capitalised on the balance sheet. The costs included in the balance are costs of personnel and other directly attributable costs incurred in the development of software. The process for determining what constitutes capitalisable spend under AASB 138 involves detailed analysis of all timesheet data available in regard to projects that employees have worked on during the year and other directly attributable costs in respect of software development spend.

Capitalised software development costs are recognised as an intangible asset and amortised over their estimated useful lives, which is considered to be from three to seven years. Software development costs are capitalised as “under development” until the products to which the costs relate become available for use. At the point in which the products become available for use, the costs are transferred from “under development” to “in use” and amortised from that point (refer to categorisation in note 13). Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions

Provisions are recognised when the Group 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Employee benefit

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave, which are non-vesting, are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Deferred STI

An amount equal to 25% of the annual STI earned by Executive KMP in the year is deferred and paid at the conclusion of the two-year period following the end of the financial year. It is accrued over a three-year period- throughout the annual performance period in which it is determined and a deferral period of two years of service.

(iii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iv) Share-based payments

The Group provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The costs of share-based payment transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Refer to note 33.

The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). If options or rights do not vest at the end of the performance period due to the service condition or non-market condition not being met, the corresponding expense will be reversed.

(s) Contributed equity

Ordinary shares are classified as equity.
Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Goods and services tax (GST) and equivalent overseas value added taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2. Financial Risk Management

Financial instruments recognised in the statement of financial position include; cash and cash equivalents, trade and other receivables, lease liabilities and trade payables.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial assets and liabilities are interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the Financial Statements.

The Group holds the following financial instruments:

(a) Interest rate risk

The Group's cash and investment assets are exposed to movements in deposit and variable interest rates. The Group does not hedge this exposure. Interest rate risk on cash is not considered to be material.

	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	**142,853**	125,244
Trade and other receivables	**50,580**	37,396
	193,433	**162,640**
Financial liabilities		
Trade and other payables	**25,149**	37,123
Contingent consideration	**11,418**	-
Lease liability	**30,411**	29,345
	66,978	**66,468**

(b) Foreign currency risk

As a result of operations in New Zealand, Malaysia, Papua New Guinea and the United Kingdom and sales contracts denominated in United States dollars, the Group's statement of financial position can be affected by movements in the exchange rates applicable to these geographical locations and currencies.

The Group does not hedge this risk. The Group's exposure to foreign currency changes is not significant.

At balance date, the Group had the following exposures in Australian dollar equivalents of amounts to foreign currencies which are not effectively hedged:

	2021 USD $'000	2021 PGK $'000	2020 USD $'000	2020 PGK $'000
Trade Receivables	-	-	-	**1,650**

(c) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade and other receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions.

To manage this risk the Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's expected credit loss is not significant. Information on credit risk exposures is contained in Note 9.

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The below table represents the financial assets under note 2(c) and the liquidity risk of financial liabilities referred to in note 2(d).

At 30 September 2021	Less than 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Financial assets				
Cash and cash equivalents	142,853	-	-	142,853
Trade and other receivables	50,580	-	-	50,580
Total	**193,433**	**-**	**-**	**193,433**
Financial liabilities				
Trade and other payables	25,149	-	-	25,149
Contingent consideration	3,842	7,576	-	11,418
Lease liabilities	4,800	29,297	173	34,270
Total	**33,791**	**36,873**	**173**	**70,837**
Net inflow / (outflow)	**159,642**	**(36,873)**	**(173)**	**122,596**

At 30 September 2020	Less than 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Financial assets				
Cash and cash equivalents	125,244	-	-	125,244
Trade and other receivables	37,396	-	-	37,396
Total	**162,640**	**-**	**-**	**162,640**
Financial liabilities				
Trade and other payables	37,123	-	-	37,123
Lease liabilities	2,341	28,508	3,566	34,415
Total	**39,464**	**28,508**	**3,566**	**71,538**
Net inflow / (outflow)	**123,176**	**(28,508)**	**(3,566)**	**91,102**

(e) Fair value measurements

Contingent consideration is classified as Level 3. The balance of contingent consideration is recognised as contingent consideration in the Consolidated Statement of Financial Position, and it is split between a current and non-current portion. The release of the contingent consideration that does not represent payment is recognised within the other income line of the consolidated income statement.

Contingent Consideration	2021 $'000
Opening balance at 1 October 2020	-
Amounts added for Scientia (note 25)	11,418
Payments made	-
Closing balance at 30 September 2021	**11,418**

Contingent Consideration	2020 $'000
Opening balance at 1 October 2019	223
Payments (DMS and JRA)	(223)
Reduction in contingent consideration (JRA)	-
Closing balance at 30 September 2020	**-**

The carrying value of trade and other receivables, contract assets and trade payables are assumed to approximate their fair value due to their short-term nature or the effect of discounting on non-current financial assets not being significant.

(f) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The current risk management structure of the Group is to use all equity funding.

The equity funded position of the Group is managed by the Board through dividends, new shares and share buy backs as well as the issue of new equity where considered appropriate to fund business acquisitions.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and other assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(o)(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 13 for details of these assumptions and the potential impact of changes to the assumptions.

All other assets are reviewed for indicators or object evidence of impairment. If indicators or objective evidence exists, the recoverable amount is reviewed.

(ii) Share-based payments

The Group provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The costs of share-based payment transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Refer to note 33.

The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). In the event that the rights over shares do not vest at the end of the performance period, the expense relating to the unvested rights is reversed. No expense is recognised for awards that do not ultimately vest due to not meeting the non-market conditions or service conditions.

(iii) Revenue contracts

Initial licence fee contracts entered into by the Group require judgement in the identification and separation of the contract components related to software licence fees, Annual Licence Fees and platform services. The Group assesses each customer contract individually and revenue is assigned to each component based upon the stand alone fair value of the component relevant to the total contract value.

(iv) Capitalisation of development costs

The Group capitalises costs related to software development. Software development costs are recognised upon meeting the criteria set out in note 1(o)(iii). The carrying value of these costs are regularly reviewed for impairment. Software development costs are amortised over a period of three to seven years.

(v) COVID-19

Management have considered the potential impact of COVID-19 in performing the Group's impairment assessments and in establishing the expected credit loss on financial assets. No adjustments were made to the Group's assets as a result of these additional assessments. At a time when many businesses have struggled during the pandemic, TechnologyOne has continued to perform strongly. There has been no impact to the Group's balance sheet. TechnologyOne has not received any JobKeeper government support.

(vi) Legal Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The group recognises legal provisions based on the probability and management's best estimate of the outcome of the claim.

(vii) Contingent consideration

Contingent consideration has been recognised at the present value of anticipated costs for future contingent earn out considerations resulting from the acquisitions made by the Group. In estimating the liability, it was assumed that the maximum earn out amount will be payable based on current operating projections. Further details are available at note 25.

4. Segment information

(a) Description of segments

The Group's chief operating decision maker, being the Chief Executive Officer, makes financial decisions and allocates resources based on the information received from the Group's internal management system. Sales are attributed to an operating segment based on the type of product or service provided to the customer.

Segment information is prepared in conformity with the accounting policies of the Group as discussed in note 1 and the Accounting Standard AASB 8 Operating Segments.

The Group's reportable segments are:

- Software – consists of Sales and Marketing, R&D, SaaS platform.
- Consulting – responsible for services in relation to our software.
- Corporate – includes all corporate functions.

Intersegment revenues/expenses are where one operating segment has been charged for the use of another's expertise.

Royalties are a mechanism whereby each segment pays or receives funding for their contribution to the ongoing success of TechnologyOne. For example, Software pays Corporate for the use of corporate services.

The chief operating decision maker views each segment's performance based on revenue post royalties and profit before tax. No reporting or reviews are made of segment assets, liabilities and cash flows and as such this is not measured or reported by segment.

(b) Segment information provided to the Chief Operating Decision Maker (CODM)

2021	Software $'000	Consulting $'000	Corporate $'000	Total $'000
Revenue from contracts with customers				
SaaS fees*	151,052	-	-	**151,052**
Annual licence fees*	78,965	-	-	**78,965**
Consulting services*	-	64,508	-	**64,508**
Initial licence fees **	16,770	-	-	**16,770**
Other income	462	-	255	**717**
Intersegment revenue	(281)	304	(23)	-
Net royalty	(56,893)	(6,547)	63,440	-
Total revenue	**190,075**	**58,265**	**63,672**	**312,012**
Expenses				
Total external expenses	(126,666)	(42,657)	(44,846)	**(214,169)**
Profit before tax	**63,409**	**15,608**	**18,826**	**97,843**
Income tax expense				**(25,152)**
Profit for the year				**72,691**
Total assets				**454,728**
Total liabilities				**264,494**
Total depreciation and amortisation				(25,832)

*Recognised over time / as services are rendered

**Recognised at a point in time

2020	Software $'000	Consulting $'000	Corporate $'000	Total $'000
Revenue from contracts with customers				
SaaS fees*	106,171	-	-	**106,171**
Annual licence fees*	102,272	-	-	**102,272**
Consulting services*	-	62,482	-	**62,482**
Initial licence fees **	27,342	-	-	**27,342**
Other income	384	-	367	**751**
Intersegment revenue	(2,038)	2,208	(170)	-
Net royalty	(53,819)	(6,642)	60,461	-
Total revenue	**180,312**	**58,048**	**60,658**	**299,018**
Expenses				
Total external expenses	(127,681)	(44,393)	(44,474)	**(216,548)**
Profit before tax	**52,631**	**13,655**	**16,184**	**82,470**
Income tax expense				**(19,525)**
Profit for the year				**62,945**
Total assets				**375,909**
Total liabilities				**233,741**
Total depreciation and amortisation				**(18,638)**

*Recognised over time / as services are rendered

**Recognised at a point in time

(c) Other segment information

(i) Segment revenue

	2021 $'000	2020 $'000
Australia	**260,564**	250,586
New Zealand & Asia Pacific*	**38,609**	36,533
APAC total	**299,173**	287,119
United Kingdom	**12,839**	11,899
Total segment revenues from sales to external customers	**312,012**	299,018

(ii) Segment assets

	2021 $'000	2020 $'000
Australia	**380,116**	319,750
New Zealand and Asia Pacific*	**14,754**	19,834
APAC total	**394,870**	339,584
United Kingdom	**33,509**	7,720
Total segment assets	**428,379**	347,304

All significant non-current assets are located in Australia. Segment assets are presented net of deferred tax.

*Asia Pacific includes Malaysia and South Pacific

(iii) Major customers

The Group has a number of customers to which it provides both products and services, none of which contribute greater than 10% of external revenue.

5. Revenue

	2021 $'000	2020 $'000
Revenue from contracts with customers		
SaaS fees*	151,052	106,171
Annual licence fees*	77,993	101,121
Consulting services*	64,508	62,482
Revenue - SaaS and continuing business	**293,553**	**269,774**
Initial licence fees**	16,770	27,342
Annual licence fees associated with initial licence fees*[1]	972	1,151
Revenue - Legacy licence business	**17,742**	**28,493**
Total revenue from contracts with customers	**311,295**	**298,267**

*Recognised over time / as services are rendered

**Recognised at a point in time

[1] This represents revenue on Annual Licence Fees recognised from the date the associated initial licence is delivered until the end of the first financial year post delivery.

5.(a) Other income

	2021 $'000	2020 $'000
Other income		
Foreign exchange gains / (losses)	(9)	(3)
Interest received	225	353
Other	501	401
Total other income	**717**	**751**
Total revenue	**312,012**	**299,018**

6. Expenses

Profit before income tax includes the following specific expenses:	2021 $'000	2020 $'000
Depreciation		
Plant and equipment	3,331	3,905
Total depreciation	**3,331**	**3,905**
Amortisation		
Other intangible amortisation	443	346
Contract acquisition costs amortisation	3,639	2,493
Capitalised development amortisation	13,429	6,103
Amortisation of right-of-use assets	4,990	5,791
Total amortisation	**22,501**	**14,733**
Total depreciation and amortisation	**25,832**	**18,638**
Wages and salaries	83,722	91,622
Defined contribution plan expense	9,480	9,919
Payroll tax	7,593	6,366
Provision for employee benefits	1,045	1,701
Other	8,541	10,007
Total employee costs	**110,381**	**119,615**
Share-based payments	**3,213**	**3,305**
Occupancy costs	**1,942**	**3,259**
Finance expense	**1,493**	**1,495**
Profit and loss movement in expected credit loss	267	34
Foreign exchange (gain) / loss	(21)	509
(Gain) / Loss on sale of property, plant and equipment	(13)	(38)

In addition to the employee benefits expense disclosed above, 'Variable costs' in the consolidated income statement includes $17.3m (2020: $18.6m) relating to employee costs, 'Contract acquisition costs' in the consolidated statement of financial position includes $8.3m in current year employee benefits (2020: $4.9m) and 'Capitalised development' includes $36.1m in current year employee benefits (2020: $32.3m).

7. Income tax expenses

(a) Income tax expense

	2021 $'000	2020 $'000
Current tax	17,760	12,045
Relating to origination and reversal of temporary differences	7,315	8,680
Adjustments for tax expense of prior periods	77	(1,200)
	25,152	**19,525**
Deferred income tax expense / (revenue) included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets	(4,492)	(6,575)
Increase / (decrease) in deferred tax liabilities	10,500	10,960
Adjustments for deferred taxes of prior periods	1,307	4,295
	7,315	**8,680**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2021 $'000	2020 $'000
Profit from continuing operations before income tax expense	97,843	82,470
Tax at the Australian tax rate of 30% (2020 - 30%)	29,353	24,741
Adjustments for current tax of prior periods	77	(1,200)
Research and development tax concession	(4,235)	(4,131)
Expenditure not allowable for income tax purposes	(43)	115
Income tax expense	**25,152**	**19,525**

(c) Amounts recognised directly in equity

	2021 $'000	2020 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Net deferred tax - debited (credited) directly to equity	**(3,750)**	(2,315)

8. Current assets - Cash and cash equivalents

	2021 $'000	2020 $'000
Cash and cash equivalents	**142,853**	125,244

The Group has a secured $2 million interchangeable facility which is transferable between an Overdraft, Fixed Rate Commercial Bill and Variable Rate Commercial Bill to assist with working capital requirements. The facility is unused at 30 September 2021.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Money market accounts at call are made for varying periods of between one day and three months, depending on immediate cash requirements of the Group, and earn interest at the respective money market deposit rates. Given the short-term nature of these accounts the fair value of cash assets at 30 September are their carrying values.

9. Current assets - Trade and other receivables

	2021 $'000	2020 $'000
Trade and other receivables	51,410	40,320
Allowance for expected credit losses	(1,337)	(2,885)
Sundry receivables	507	(39)
	50,580	**37,396**

(i) Trade and other receivables are non-interest bearing and are on 14 to 30 day terms. No interest is charged on trade and other receivables.

Included in the trade and other receivable balance are debtors with a carrying amount of $4.3m (2020 - $7.6m) which are past due at the reporting date for which the consolidated entity has not specifically provided as there has not been a significant change in credit quality and the consolidated entity believes that the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances, however is able to withdraw future support and software licence use rights if concerns arise relating to the recoverability of an outstanding customer balance.

(a) Allowance for expected credit losses

Movements in the provision for impairment of receivables are as follows:

	2021 $'000	2020 $'000
Opening balance - 1 October	2,885	1,135
Increase/(decrease) in expected credit loss allowance	780	2,885
Amounts reversed/written off	(2,328)	(1,135)
Closing balance - 30 September	**1,337**	**2,885**

In determining the recoverability of a trade and other receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Age	Trade Debtors	Expected credit loss	Trade Debtors	Expected credit loss
	2021 $'000	2021 $'000	2020 $'000	2020 $'000
0 – 30 days	43,602	(480)	30,051	(456)
31 – 60 days	4,354	(48)	5,915	(90)
61 – 90 days	759	(8)	715	(11)
91+ days	2,695	(801)	3,369	(2,328)
Total	**51,410**	**(1,337)**	**40,050**	**(2,885)**

10. Contract asset

	2021 $'000	2020 $'000
Contract assets	22,918	22,283
Contract assets - non current	2,962	-
Allowance for expected credit losses	(209)	(232)
	25,671	**22,051**

The above contract asset balance represents revenue recognised for contracts with customers which has not been invoiced at the end of the financial year, in line with customer contracts.

Expected credit loss for contract assets

Movements in the provision for impairment of contract assets are as follows:

	2021 $'000	2020 $'000
Opening balance - 1 October	232	115
Increase/(decrease) in expected credit loss allowance recognised in profit and loss during the year	(23)	117
Unused amounts reversed	-	-
Closing balance - 30 September	**209**	**232**

11. Current assets - Other current assets

	2021 $'000	2020 $'000
Deposits receivable	238	397
	238	**397**

12. Non-current assets - property, plant and equipment

	Office furniture & equipment $'000	Other $'000	Total $'000
Year ended 30 September 2021			
Opening net book amount	8,823	146	8,969
Additions	1,525	-	1,525
Disposals	(17)	-	(17)
Depreciation charge	(3,239)	(92)	(3,331)
Make good movement	-	119	119
Exchange difference	14	-	14
Closing net book amount	**7,106**	**173**	**7,279**
At 30 September 2021			
Cost	42,898	4,770	47,668
Accumulated depreciation	(35,673)	(4,716)	(40,389)
Net book amount	**7,225**	**54**	**7,279**
Year ended 30 September 2020			
Opening net book amount	10,659	241	10,900
Additions	2,008	22	2,030
Disposals	(51)	-	(51)
Depreciation charge	(3,788)	(117)	(3,905)
Make good movement	-	(14)	(14)
Exchange difference	9	-	9
Closing net book amount	**8,837**	**132**	**8,969**
At 30 September 2020			
Cost	41,510	4,769	46,279
Accumulated depreciation	(32,687)	(4,623)	(37,310)
Net book amount	**8,823**	**146**	**8,969**

13. Non-current assets - Intangible assets

	Goodwill $'000	Intellectual property/ source code $'000	Customer contracts $'000	Contract acquisition costs[1] $'000	Software under development $'000	Software in use $'000	Total $'000
Year ended 30 September 2021							
Opening net book amount	33,250	4,023	713	9,991	26,983	35,573	110,533
Additions	22,996	1,141	-	8,370	41,858	-	74,365
Transfers to software - in use	-	-	-	-	(38,546)	38,546	-
Amortisation charge	-	(388)	(55)	(3,639)	-	(13,429)	(17,511)
Impairment	-	-	-	-	-	-	-
Exchange difference	-	16	-	(45)	-	-	(29)
Closing net book amount	**56,246**	**4,792**	**658**	**14,677**	**30,295**	**60,690**	**167,358**
At 30 September 2021							
Cost	62,999	12,331	1,100	23,808	30,295	80,777	211,310
Accumulated amortisation	-	(4,862)	(442)	(9,131)	-	(20,087)	(34,522)
Accumulated impairment	(6,753)	(2,677)	-	-	-	-	(9,430)
Net book amount	**56,246**	**4,792**	**658**	**14,677**	**30,295**	**60,690**	**167,358**
Year ended 30 September 2020							
Opening net book amount	33,250	3,503	768	7,519	23,825	7,765	76,630
Additions	-	819	-	4,972	37,069	-	42,860
Transfers to software - in use	-	-	-	-	(33,911)	33,911	-
Amortisation charge	-	(291)	(55)	(2,493)	-	(6,103)	(8,942)
Impairment	-	-	-	-	-	-	-
Exchange difference	-	(8)	-	(7)	-	-	(15)
Closing net book amount	**33,250**	**4,023**	**713**	**9,991**	**26,983**	**35,573**	**110,533**
At 30 September 2020							
Cost	40,003	11,174	1,100	15,483	26,983	42,231	136,974
Accumulated amortisation	-	(4,474)	(387)	(5,492)	-	(6,658)	(17,011)
Accumulated impairment	(6,753)	(2,677)	-	-	-	-	(9,430)
Net book amount	**33,250**	**4,023**	**713**	**9,991**	**26,983**	**35,573**	**110,533**

[1]Balance of contract acquisition costs is split between current portion of $5.0m and non-current portion of $9.7m (2020: current $2.9m; non-current $7.0m).

(a) Impairment tests for goodwill

Goodwill and indefinite life intangibles are allocated to the Group's Software and Consulting cash generating units (CGUs) which are also operating and reportable segments for impairment testing purposes.

A segment-level summary of the goodwill and indefinite life intangible assets allocation is presented to the right.

2021	Software $'000	Consulting $'000	Corporate $'000	Total $'000
Goodwill	46,638	9,608	-	56,246
Indefinite life intangibles	1,362	660	-	2,022
	48,000	**10,268**	**-**	**58,268**

2020	Software $'000	Consulting $'000	Corporate $'000	Total $'000
Goodwill	23,643	9,608	-	33,251
Indefinite life intangibles	1,362	660	-	2,022
	25,005	**10,268**	**-**	**35,273**

The recoverable amounts have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period, as there is no active market against which to compare the fair value of the unit.

In the current year, there is a new CGU as a result of the acquisition. This increased Goodwill by $22.9m. This CGU has not been tested for impairment as at 30 September 2021 due to being acquired near balance sheet date and the allocation of goodwill remaining provisional. Refer to note 25 for further details.

The key assumptions used for all CGUs in value in use calculations for 30 September 2021 and 2020 are:

- Budgeted profit
- Growth rates - based on long-term historical trends for each segment
- The discount rate applied to cash flow projections is 15% pre-tax (2020 - 15%)
- Terminal growth rates - these have been set at 2% (2020 - 2%)

14. Non-current assets - Deferred tax assets

	2021 $'000	2020 $'000
The balance comprises temporary differences attributable to:		
Employee benefits	5,179	4,958
Provisions-other	2,131	1,089
Accrued expenses	524	2,204
Intangibles	558	753
Copyright - software	39	245
Lease liability (net)	2,864	1,718
Employee share trust	4,927	3,536
Deferred revenue	45,877	40,762
Other	1,642	232
	63,741	**55,497**
Set-off of deferred tax liabilities pursuant to set-off provisions (note 21)	(37,392)	(26,892)
Net deferred tax assets	**26,349**	**28,605**
Net deferred tax assets expected to be recovered within 12 months	44,059	13,779
Net deferred tax assets expected to be recovered after more than 12 months	(17,710)	14,826
	26,349	**28,605**
Movements:		
Opening balance at 1 October	55,497	48,085
Credited / (charged) to the consolidated income statement	4,492	6,575
Credited / (charged) to equity	3,750	837
Offset from deferred tax liabilities	(37,392)	(26,892)
Closing balance at 30 September	**26,349**	**28,605**

15. Current liabilities - Trade and other payables

	2021 $'000	2020 $'000
Trade payables	29,445	29,315
Sundry creditors	7,021	7,249
Directors fees	101	559
	36,567	**37,123**

Trade payables and sundry creditors are non-interest bearing and are normally settled on 30 day terms. No interest is payable on outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. Current liabilities - Deferred revenue

	2021 $'000	2020 $'000
Carrying amount at 1 October	144,148	147,558
Carrying amount at 30 September	160,015	144,148
Revenue recognised from the opening balance	**142,411**	**145,359**

Deferred Revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised as revenue in future periods, generally over the next 12 months. These amounts are a contract liability under AASB15. These amounts do not result in a future cash outflow. The operating costs to deliver the services are not significant.

17. Current liabilities - Provisions

	2021 $'000	2020 $'000
Make good provision	148	569
Other provisions[1]	5,444	5,416
Annual leave	8,305	8,030
Long service leave	7,322	6,533
	21,219	**20,548**

[1] On 2 October 2020, the Federal Court issued a judgement against TechnologyOne in a civil employment case. As a result of the judgement, the Group's provision was increased to $5.2m as at 30 September 2020. The company lodged an appeal to the Full Federal Court on 27 October 2020. The company won its appeal, with the original judgement being overturned in August 2021, and a retrial being ordered. The Group has retained the full value of the provision at 30 September 2021 ($5.2m) based on management's best estimate pending the results of the retrial.

18. Contingent Consideration

	2021 $'000	2020 $'000
Contingent consideration	3,842	-
Contingent consideration- non-current	7,576	-
Total	**11,418**	-

Refer to note 25- Business Combinations for details of the acquisition.

19. Non-current liabilities - Provisions

	2021 $'000	2020 $'000
Long service leave	1,924	2,285
Make good provision	143	145
	2,067	**2,430**

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

The non-current provisions have been discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2021	**Annual Leave $'000**	**Long service leave $'000**	**Make Good $'000**	**Service Level Commitment $'000**	**Legal provision $'000**	**Contingent Consideration $'000**	**Total $'000**
Carrying amount at 1 October 2020	8,030	8,817	714	217	5,200	-	22,978
Additional provisions recognised	3,110	1,919	142	39	21	11,418	16,649
Amount released during the year	(2,835)	(1,488)	(566)	(34)	-	-	(4,923)
Carrying amount at 30 September 2021	**8,305**	**9,248**	**290**	**222**	**5,221**	**11,418**	**34,704**

20. Leases

Right-of-use-assets

Year ended 30 September 2021	Property $'000	Equipment $'000	Total $'000
Opening net book amount	23,723	63	23,786
Additions	2,041	51	2,092
Modifications during the year	41	-	41
Disposals	-	-	-
Depreciation charge	(4,933)	(57)	(4,990)
Exchange difference	42	-	42
Closing net book amount	**20,914**	**57**	**20,971**
At 30 September 2021			
Cost	31,593	159	31,752
Accumulated depreciation	(10,679)	(102)	(10,781)
Net book amount	**20,914**	**57**	**20,971**

Lease liability

Year ended 30 September 2021	Property $'000	Equipment $'000	Total $'000
Opening liability	29,284	61	29,345
New leases entered into during the year	2,041	51	2,092
Modifications during the year	(111)	-	(111)
Payments	(2,347)	(49)	(2,396)
Interest expense	1,438	1	1,439
Exchange difference	42	-	42
Closing liability	**30,347**	**64**	**30,411**

The following are amounts recognised in profit or loss under AASB 16:

	2021 $'000	2020 $'000
Amortisation on right-of-use assets	4,990	5,791
Interest expense on lease liabilities	1,439	1,454
Expense related to short-term leases (included in occupancy costs)	25	599
Total amount recognised in profit or loss	**6,454**	**7,844**

Cashflow for leases

	2021 $'000	2020 $'000
Total cash outflow as a lessee[1]	2,421	6,564
	2,421	**6,564**

[1] Reduction in lease payments year on year is largely due to a rental rebate on the Group's HQ lease. This rebate significantly reduces base rent payable between 1 July 2020 and 1 April 2022. The rent rebate applied in FY21 was $4.8m (FY20 $867k).

Right-of-use assets

Year ended 30 September 2020	Property $'000	Equipment $'000	Total $'000
Opening net book amount	28,578	108	28,686
Additions	1,206	-	1,206
Modifications during the year	(324)	-	(324)
Disposals	-	-	-
Depreciation charge	(5,746)	(45)	(5,791)
Exchange difference	9	-	9
Closing net book amount	**23,723**	**63**	**23,786**
At 30 September 2020			
Cost	29,469	108	29,577
Accumulated depreciation	(5,746)	(45)	(5,791)
Net book amount	**23,723**	**63**	**23,786**

Lease liability

Year ended 30 September 2020	Property $'000	Equipment $'000	Total $'000
Opening liability	32,709	108	32,817
New leases entered into during the year	1,351	-	1,351
Modifications during the year	(324)	-	(324)
Payments	(5,916)	(49)	(5,965)
Interest expense	1,452	2	1,454
Exchange difference	12	-	12
Closing liability	**29,284**	**61**	**29,345**

21. Non-current liabilities – Deferred tax liabilities

The balance comprises temporary differences attributable to:	2021 $'000	2020 $'000
Contract assets	(5,222)	(4,269)
Accelerated depreciation for tax purposes	(851)	(1,323)
Prepayments	(24)	(28)
Capitalised development	(27,271)	(18,767)
Contract acquisition costs	(4,024)	(2,505)
Total deferred tax liabilities	**(37,392)**	**(26,892)**
Set-off of deferred tax liabilities pursuant to set-off provisions (note 14)	37,392	26,892
Net deferred tax liabilities	-	-
Movements:		
Opening balance at 1 October	(26,892)	(15,932)
Charged/(credited) to the Consolidated income statement	(10,500)	(10,960)
Offset to deferred tax assets	37,392	26,892
Closing balance at 30 September	-	-

22. Contributed Equity

Share capital

	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares Fully paid	**321,648,793**	319,295,458	**51,645**	40,551

Movements in ordinary share capital

(a) Employee Share Option Plan

Date	Details	Number of shares	$'000
1 Oct 2020	Opening balance	319,295,458	40,551
	Exercise of options	2,282,537	10,595
	Share grant to employees	70,798	499
30 Sep 2021	**Closing balance**	**321,648,793**	**51,645**
1 Oct 2019	Opening balance	317,827,581	35,302
	Exercise of options	1,467,877	5,249
30 Sep 2020	**Closing balance**	**319,295,458**	**40,551**

Information relating to the TechnologyOne Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 33.

23. Reserves

(a) Other reserves

	2021 $'000	2020 $'000
Share-based payments	38,305	31,342
Foreign currency translation	1,958	2,136
Dividend reserve	32,454	30,046
	72,717	**63,524**

(b) Nature and purpose of other reserves

(i) Share-based payments

The reserve is used to record the value of equity benefits provided to employees, through share-based payment transactions and associated tax benefits.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the income statement when the net investment is disposed of.

(iii) Dividend reserve

The reserve records retained earnings set aside for the payment of future dividends.

24. Dividends

	2021 $'000	2020 $'000
Final dividend for the year ended 30 September 2020 of 9.41 Cents (2019 - 8.78 Cents) per fully paid share paid in December 2020 (2019 - December 2019) 60% franked (2019 - 75%) based on tax paid at 30%	30,225	27,930
Interim dividend for the year ended 30 September 2021 of 3.82 Cents (2020 - 3.47 Cents) per fully paid share paid in June 2021 (2020 - June 2020) 60% franked (2020 - 60%) based on tax paid at 30%	12,279	11,058
Total dividends paid	**42,504**	**38,988**

(a) Dividends policy

TechnologyOne's goal is, to the extent possible, to increase dividends paid by 8% to 10% per annum.

(b) Dividends not recognised at the end of the reporting period

	2021 $'000	2020 $'000
Final		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 10.09 cents per fully paid ordinary share (2020 - 9.41 cents) 60% franked (2020 - 60%) based on tax paid at 30% (2020 - 30%). The aggregate amount of proposed dividend expected to be paid out of retained earnings, but not recognised as a liability at year end	**32,454**	30,046
	32,454	**30,046**

(c) Franked Dividends

The franked portions of the final dividends recommended after 30 September 2020 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 September 2021.

	2021 $'000	2020 $'000
Franking account balance as at the end of the financial year at 30% (2020: 30%)	(1,391)	3,044
Franking credits that will arise from the payments of income tax payable as at the end of the financial year	3,324	519
	1,933	**3,563**

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting date, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $8,345,408 (2020 - $7,730,209).

25. Business Combinations

On 15 September 2021, Technology One UK Limited acquired 100% of the issued shares and voting rights in Scientia Resource Management Limited (Scientia). The Scientia acquisition forms part of the strategic focus to deliver further functionality for Higher Education software solution and it will accelerate the growth and competitive position in the UK as well as have significant benefits in the Australian Higher Education market. Scientia's product, Syllabus Plus, provides advanced academic timetabling and resource scheduling for over 150 leading universities across the United Kingdom and Australia.

The initial accounting of the assets and liabilities acquired is incomplete and provisional as the information is not available in part due to the business being in administration prior to it being acquired. The fair value of the acquisition was determined to be $22.9m (12.2m GBP) and has been initially recorded to goodwill as there is limited information for the purchase price allocation prior to the financial statements being issued.

The initial cash payment of $11.5m (6.1m GBP) on 25 August 2021 included payments to extinguish the list of liabilities of Scientia at the time of acquisition as well as payments to shareholders.

The sales and purchase agreement outlined earn out clauses including:

- The first earn out clause of $3.8m (2.1m GBP) is consideration for the acquisition and is earned through future performance hurdles on net profit before tax (NPBT) and annual recurring revenue (ARR) as of 31 December 2021. The company has considered the future contingent payment to be a level 3 financial liability. The fair value of the earn out considering the time value discount is $3.8m.
- The second earn out clause of $7.6m (4.1m GBP) is consideration for the acquisition and is earned through future performance hurdles on NPBT and ARR as of 31 December 2022. The company has considered the future contingent payment to be a level 3 financial liability. The fair value of the earn out considering the time value discount is $7.4m.

Further payments to the major shareholder may be due subject to the achievement of certain future NPBT and ARR targets between 31 December 2022 and 31 December 2024. These payments would be accrued if deemed to be earned and probable. As of 30 September 2021, there has been no provision recorded.

There were $0.5m of acquisition costs incurred during the year ended 30 September 2021. The revenue and profit and loss for Scientia was insignificant for the 15 days of consolidation. Given the business was in administration prior to the acquisition it is impracticable to determine what the revenue or profit and loss would be for the full year based on historical results as they are not reflective the business performance.

26. Key management personnel disclosures

(a) Key management personnel disclosures

	2021 $	2020 $
Short-term employee benefits	5,733,291	5,289,169
Deferred STI	368,786	227,586
Share-based payments	974,629	934,784
	7,076,706	**6,451,539**

(b) Equity instrument disclosures relating to key management personnel

Details of options provided as remuneration to KMP and shares issued on the exercise of such, together with terms and conditions can be found in the remuneration report.

27. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the consolidated entity:

(a) Ernst & Young (Australia)

	2021 $	2020 $
Fees to Ernst and Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	728,603	801,795
Fees for assurance services that are required by legislation	-	-
Fees for other assurance and agreed-upon-procedure services	212,816	174,440
Fees for other services	170,131	148,290
Total remuneration of Ernst & Young Australia	**1,111,550**	**1,124,525**

The relative ratio of other services to audit and assurance services was 15% (2020: 13%).

28. Contingencies

TechnologyOne is a global business and from time to time in the ordinary course of business it receives enquiries from various regulators and government bodies. TechnologyOne cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state, however should the Group become aware that an enquiry is developing further or if any regulator or government action is taken against the group, appropriate disclosure is made in accordance with the relevant accounting standards.

As a global business, from time to time TechnologyOne is also subject to various claims and litigation from third parties during the ordinary course of its business. The Directors of TechnologyOne have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims of litigation exists. The group had no material contingent assets or liabilities.

Guarantees

At 30 September 2021, the Group had $3,694,124 (2020: $3,397,831) in outstanding bank performance guarantees. The total available guarantee facility is $7,000,000 (2020: $6,650,000). The Group also had unused foreign currency dealing limits of $1,199,814 (2020: $1,606,393).

The parent entity, Technology One Limited, continues to support its subsidiaries in their operations, by way of financial support.

29. Related party transactions

(a) Ultimate controlling entity

The ultimate controlling entity of the consolidated entity is Technology One Limited, a company incorporated in Australia.

(b) Transactions with related parties

The parent entity entered into the following transactions during the year with related parties in the wholly owned group:

- Loans were advanced and repayments received on short-term intercompany accounts.
- Marketing support and management fees were charged to wholly owned controlled entities.
- Dividends were paid from Technology One New Zealand Limited to the parent entity during the year

These transactions were undertaken on commercial terms and conditions. No allowance for expected credit loss has been recognised for amounts due to and receivable from related parties.

The ownership interest in related parties in the wholly owned group is set out in note 30.

30. Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of Incorporation	Class of shares	Equity holding 2021%	Equity holding 2020%
Technology One Corporation Sdn Bhd	Malaysia	Ordinary	100	100
Technology One New Zealand Ltd	New Zealand	Ordinary	100	100
Technology One UK Limited	England	Ordinary	100	100
Avand Pty Ltd	Australia	Ordinary	100	100
Desktop Mapping Systems Pty Ltd (DMS)	Australia	Ordinary	100	100
Digital Mapping Solutions NZ Limited (DMS)	New Zealand	Ordinary	100	100
Boldridge Pty Ltd	Australia	Ordinary	100	100
Icon Solution Unit Trust (ICON)	Australia	Ordinary	100	100
Icon Strategic Solutions Pty Ltd	Australia	Ordinary	100	100
Jeff Roorda and Associates Pty Ltd (JRA)	Australia	Ordinary	100	100
Scientia Resource Management Limited (UK)	England	Ordinary	100	0

The parent entity is Technology One Limited, a public company, limited by shares and is domiciled in Brisbane, Australia and whose shares are traded on the Australian Securities Exchange. All entities operate in the software industry in their geographical locations.

The Registered office is located at:

Technology One HQ
Level 11,
540 Wickham Street,
Fortitude Valley, Qld, 4006

31. Reconciliation of profit after income tax to net cash inflow from operating activities

	2021 $'000	2020 $'000
Profit for the year	72,691	62,945
Depreciation and amortisation	25,832	18,638
Non-cash employee benefits expense - share-based payments	3,213	3,305
Finance costs	1,493	1,495
Net (gain) / loss on sale of non-current assets	(21)	(38)
Movement in ECL through profit or loss	267	34
(increase)/decrease in trade and other receivables and contract assets	(16,804)	14,192
(increase)/decrease in prepayments and other current assets	(2,578)	1,959
(increase)/decrease in tax assets and liabilities	13,010	3,548
Increase / (decrease) in trade creditors	(556)	(3,967)
Increase / (decrease) in provisions	308	1,983
Increase / (decrease) in lease liabilities	2,265	2,827
Increase / (decrease) in deferred revenue	15,867	(3,410)
Net cash inflow / (outflow) from operating activities	**114,987**	**103,511**

32. Earnings per share

(a) Basic earnings per share

	2021 Cents	2020 Cents
Basic earnings per share (cents per share)	**22.64**	**19.75**
Diluted earnings per share (cents per share)	**22.52**	**19.61**
Profit used for calculating basic and diluted earnings per share ($'000)	**72,691**	**62,945**

(b) Weighted average number of shares used as denominator

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**321,074,997**	318,659,285
Adjustments for calculation of diluted earnings per share:		
Options	**1,667,676**	2,295,131
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**322,742,673**	**320,954,416**

There are no potentially dilutive share instruments not included in the calculation of diluted earnings per share.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

33. Share-based payments

(a) Employee option plan

Options are granted to employees at the discretion of the Board based on the option plan approved by the Board.

TechnologyOne issues options with up to 25% discount on the volume weighted average price for the 10 days prior to the grant date.

The period available between vesting date and expiry date of each option is five years. There are no cash settlement alternatives.

Each option entitles the holder to purchase one share. Options granted as part of remuneration are based on values determined using the Black-Scholes option pricing model.

33. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

Issue date	Expiry date	Exercise price	Balance at start of the period *Number*	Issued during the year *Number*	Exercised during the period *Number*	Forfeited during the period *Number*	Balance at the end of the period *Number*	Vested and exercisable at end of the period *Number*
2021								
30/03/2021	30/11/2028	5.8850	-	11,064	-	-	11,064	-
22/01/2021	30/11/2028	5.8850	-	644,990	-	(32,788)	612,202	-
22/01/2021	30/11/2028	7.8467	-	540,801	-	-	540,801	-
22/01/2021	30/11/2027	5.8850	-	116,938	-	(7,654)	109,284	-
1/07/2020	1/10/2027	1.8914	50,000	-	-	-	50,000	-
1/10/2019	1/10/2027	-	1,691	-	-	(1,691)	-	-
1/10/2019	1/10/2027	7.3854	578,551	-	-	-	578,551	-
1/10/2019	1/10/2027	5.5391	913,938	-	-	(109,170)	804,768	-
1/10/2018	1/10/2026	4.1122	988,325	-	-	(89,246)	899,079	-
1/10/2018	1/10/2026	5.4829	390,520	-	-	-	390,520	-
1/10/2018	1/07/2026	1.5862	12,500	-	(12,500)	-	-	-
1/10/2018	1/10/2025	4.1166	313,582	-	(290,783)	-	22,799	22,799
30/04/2018	1/10/2025	4.9952	100,101	-	(100,101)	-	-	-
1/10/2018	1/07/2025	0.8633	29,250	-	(12,500)	-	16,750	16,750
1/10/2018	1/07/2025	1.5862	12,500	-	(12,500)	-	-	-
1/10/2018	1/07/2025	1.8914	50,000	-	-	-	50,000	50,000
1/10/2017	1/10/2025	5.1456	1,565,170	-	(1,410,064)	(63,092)	92,014	92,014
1/10/2017	1/10/2024	5.1456	50,000	-	(50,000)	-	-	-
1/10/2017	1/10/2025	5.7474	11,177	-	-	-	11,177	11,177
1/07/2018	1/07/2026	1.3388	167,000	-	(167,000)	-	-	-
1/07/2018	1/10/2026	4.1122	22,853	-	-	-	22,853	-
1/07/2017	1/07/2024	0.8633	16,650	-	-	-	16,650	16,650
23/05/2017	1/10/2024	5.6046	155,482	-	(155,482)	-	-	-
10/03/2017	1/10/2024	5.6027	22,516	-	(22,516)	-	-	-
1/10/2016	1/10/2024	5.7474	17,000	-	(17,000)	-	-	-
1/07/2016	1/07/2023	0.8633	16,650	-	(1,350)	-	15,300	15,300
1/07/2015	1/07/2022	0.8633	16,650	-	(16,650)	-	-	-
25/08/2010	25/08/2023	0.3450	30,000	-	-	-	30,000	30,000
25/08/2011	25/08/2024	0.3450	30,000	-	-	-	30,000	30,000
Total			**5,562,106**	**1,313,793**	**(2,268,446)**	**(303,641)**	**4,303,812**	**284,690**
Weighted average exercise price			**$4.93**	**$6.69**	**$4.67**	**$5.05**	**$5.60**	**$2.77**

33. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

Issue date	Expiry date	Exercise price	Balance at start of the period *Number*	Issued during the year *Number*	Exercised during the period *Number*	Forfeited during the period *Number*	Balance at the end of the period *Number*	Vested and exercisable at end of the period *Number*
2020								
1/10/2019	1/10/2027	-	-	1,691	-	-	1,691	-
1/10/2019	1/10/2027	7.3854	-	578,551	-	-	578,551	-
1/10/2019	1/10/2027	5.5391	-	913,938	-	-	913,938	-
1/10/2018	1/10/2026	4.1122	1,003,568	-	-	(15,243)	988,325	-
1/10/2018	1/10/2026	5.4829	390,520	-	-	-	390,520	-
1/10/2018	1/07/2026	1.5862	12,500	-	-	-	12,500	-
1/10/2018	1/07/2026	1.8914	50,000	-	(50,000)	-	-	-
1/10/2018	1/10/2025	4.1166	313,582	-	-	-	313,582	-
1/10/2018	1/07/2025	1.0313	176,667	-	(151,667)	(25,000)	-	-
1/10/2018	1/10/2025	4.9952	100,101	-	-	-	100,101	-
1/10/2018	1/07/2025	0.8633	250,250	-	(221,000)	-	29,250	29,250
1/10/2018	1/07/2025	1.5862	12,500	-	-	-	12,500	12,500
1/10/2018	1/07/2025	1.8914	50,000	-	-	-	50,000	50,000
1/10/2017	1/10/2025	5.1456	1,593,113	-	-	(27,943)	1,565,170	-
1/10/2017	1/10/2024	5.1456	50,000	-	-	-	50,000	-
1/10/2017	1/10/2025	5.7474	11,177	-	-	-	11,177	-
1/07/2018	1/07/2026	1.3388	167,000	-	-	-	167,000	-
1/07/2018	1/07/2025	1.3388	167,000	-	(167,000)	-	-	-
1/07/2018	1/10/2026	4.1122	22,853	-	-	-	22,853	-
1/07/2017	1/07/2024	0.8633	29,150	-	(12,500)	-	16,650	16,650
23/05/2017	1/10/2024	5.6046	247,373	-	(45,516)	(46,375)	155,482	155,482
7/04/2017	30/09/2024	-	978	-	(978)	-	-	-
10/03/2017	1/10/2024	5.6027	22,516	-	-	-	22,516	22,516
14/02/2017	1/10/2024	5.0688	50,000	-	(50,000)	-	-	-
7/02/2017	1/10/2024	5.2334	50,000	-	(50,000)	-	-	-
1/10/2016	1/10/2024	5.7474	762,737	10,000	(657,788)	(97,949)	17,000	17,000
1/10/2016	1/10/2024	-	10,000	-	(10,000)	-	-	-
1/07/2016	1/07/2023	0.8633	29,150	-	(12,500)	-	16,650	16,650
1/07/2015	1/07/2022	0.8633	16,650	-	-	-	16,650	16,650
25/08/2009	25/08/2022	0.3450	30,000	-	(30,000)	-	-	-
25/08/2010	25/08/2023	0.3450	30,000	-	-	-	30,000	30,000
25/08/2011	25/08/2024	0.3450	30,000	-	-	-	30,000	30,000
			5,679,385	**1,554,180**	**(1,458,949)**	**(212,510)**	**5,562,106**	**396,698**
Weighted average exercise price			**$4.27**	**$6.10**	**$3.60**	**$4.97**	**$4.93**	**$3.27**

33. Share-based payments (continued)

At September 2021 a total of 4,303,812 options (2020: 5,562,106) were offered to employees.

The weighted average share price at the date of exercise of options exercised during the year ended 30 September 2021 was $4.67 (2020: $3.60).

The weighted average remaining contractual life of share options outstanding at the end of the period was 6 years (2020: 6.0 years).

Fair value of options granted

The fair value of the equity-settled options is measured at the reporting date taking into account the terms and conditions upon which the instruments were granted.

The fair value of options granted during the year was between $1.77 and $2.66 (2020: $1.93 - $3.39).

The model inputs for options granted during the year ended 30 September 2021 included:

(I) Dividend yield of 1.6% (2020: 1.6%)

(II) Expected volatility 33.54% (2020: 29.5%)

(III) Risk-free interest rate 0.01% (2020: 0.62 –1.89%)

(IV) Expected life of option 3.3 years (2020: 3.3 years)

(V) Option exercise price between $7.85 and $5.88 (2020: $7.39 - $5.54)

(VI) Weighted average share price at grant date was $7.85 (2020: $7.39)

The expected volatility reflects the assumption that the historical volatility of the Group's share price over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(b) Executive performance rights

After further market consultation, the Group made the decision to return to issuing options or EPRs. Please refer to section 3 of the remuneration report for further information.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2021 $'000	2020 $'000
Options issued under employee option plan:		
Vested	3,404	3,355
Forfeited	(192)	(50)
Total share-based payment expense	**3,212**	**3,305**

34. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2021 $'000	2020 $'000
Balance sheet		
Current assets	212,771	181,777
Non-current assets	225,836	197,068
Total assets	**438,607**	**378,845**
Current liabilities	198,267	178,175
Non-current liabilities	32,602	37,086
Total liabilities	**230,869**	**215,261**
Shareholders' equity		
Contributed equity	51,645	40,551
Dividend reserve	32,454	30,046
Share option reserve	38,305	31,342
Retaining earnings	85,283	62,278
	207,687	**164,217**
Profit or loss before tax for the year	92,260	75,787
Total comprehensive income	**92,260**	**75,787**

At 30 September 2021, the statement of financial position shows a current liability balance of $198m (30 September 2020: $178m) which is largely attributable to the Deferred Revenue balance in current liabilities. As Deferred Revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised in future periods, and not a future cash outflow, this balance does not impact the Group's ability to meet its short-term obligations as and when they fall due.

(b) Guarantees entered into by the parent entity

At 30 September 2021, the Group had $3,694,124 (2020: $3,397,831) in outstanding bank performance guarantees. The total available guarantee facility is $7,000,000 (2020: $6,650,000). The Group also had unused foreign currency dealing limits of $1,199,814 (2020: $1,606,393).

The parent entity, Technology One Limited, continues to support its subsidiaries in their operations, by way of financial support.

(c) Contingent liabilities of the parent entity

At 30 September 2021 and 30 September 2020, the parent entity had no contingent liabilities.

35. Events after the reporting period

On 23 November 2021, the Directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is $32,454,363 and is 60% franked.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Directors' declaration

In accordance with a resolution of the Directors of Technology One Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes set out on pages 118 to 121 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2021 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a); and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the reporting year ended 30 September 2021.

On behalf of the Board of Directors

A. Di Marco

Adrian Di Marco
Director
Brisbane
23 November 2021

Building a better working world

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Brisbane QLD 4000 Australia
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Auditor's Independence Declaration to the Directors of Technology One Limited

As lead auditor for the audit of the financial report of Technology One Limited for the financial year ended 30 September 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Technology One Limited and the entities it controlled during the financial year

Ernst & Young

Ernst & Young

Alison de Groot
Partner
23 November 2021

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Building a better working world

Independent auditor's report to the members of Technology One Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Technology One Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 September 2021, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 September 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

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

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

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Measurement and recognition of revenue and associated assets and liabilities

Why significant	How our audit addressed the key audit matter
The Group has the following key revenue streams: ► SaaS fees; ► Annual licence fees; ► Initial licence fees; and ► Consulting services The Group contracts with its customers using written contracts which often include a number of products and services (separately identifiable components). Revenue recognition for these contracts was considered to be a key audit matter due to the complexity of contracts and the judgement required to allocate revenue amongst the respective performance obligations. Note 1(d) to the financial statements details the Group's revenue streams and the associated accounting policies. Revenue is disclosed in Note 5, associated assets in Note 9 and Note 10 and associated liabilities in Note 16.	Our audit procedures included the following: ► For a sample of signed customer contracts, we obtained the supporting documentation and assessed management's judgement on whether the revenue has been recorded appropriately. The assessment included whether there were contract modifications and the impact of any delayed payment terms. ► The testing of the signed customer contracts (including contract modifications and conversion of initial licences to SaaS arrangements) considered: ▪ The determination of stand-alone price for separately identifiable components; ▪ The allocation of the transaction price to identified performance obligations, separated into the different revenue streams, and; ▪ The timing of revenue recognition based on the satisfaction of performance obligations. ► For a sample of consulting service contracts, (time and materials) we assessed the Group's controls associated with the recording of consulting days delivered and the application of contracted fee rates to these days. ► For deferred revenue (contract liabilities) and contract assets, we tested a sample of balances at year end that included: ▪ Agreeing the amounts recorded to invoice and payment (where received); ▪ Reperforming the recognition of revenue based on the satisfaction of performance obligations; and ▪ Recalculating the amount of the contract asset or contract liability balance at year end. ► Assessed the adequacy of the financial report disclosures included in the financial statements.

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Capitalisation of software development costs

Why significant	How our audit addressed the key audit matter
As set out in Note 13 to the financial statements the Group capitalises costs related to the development of software products. Software development is core to the Company's operations and requires judgement as to whether it meets the capitalisation criteria of AASB 138 Intangible Assets. The carrying value of the capitalised assets (Software under development and software-in use) totalled $90.99m as disclosed in Note 13. The capitalisation of software development costs was a key audit matter due to the significant management judgements, including: ► Whether the costs incurred relate to research costs, which are required to be expensed or development costs that are eligible for capitalisation; ► The assessment of the useful life of the asset and the timing of amortisation; ► The assessment of future economic benefits and indications of impairment of the capitalised software development costs.	We performed the following procedures in respect of the development costs capitalised: ► Assessed the Group's policy of capitalisation of software development costs for compliance with Australian Accounting Standards. ► Held inquiries with Project Directors and other project team members, to understand development activities undertaken and the feasibility of completion. ► For a sample of capitalised software development costs, we tested whether additions were appropriately supported to payroll records or third party documentation and attributed to development activities. ► Considered the appropriateness of the amortisation period for the capitalised software development costs and the timing of amortisation. ► Assessed the completeness of the Group's indicators of impairment of capitalised software development costs. ► Assessed the adequacy of the financial report disclosures included in the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 September 2021.

In our opinion, the Remuneration Report of Technology One Limited for the year ended 30 September 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001* . Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Alison de Groot
Partner
Brisbane
23 November 2021

Jennifer Barker
Partner
Brisbane
23 November 2021

Shareholder information

The shareholder information set out below was applicable as at 06 December 2021.

(a) Distribution of equity securities

Number of shares	Number of shareholders
1-1,000	4,917
1,001 – 5,000	4,885
5,001 – 10,000	1,269
10,001 – 100,000	1,199
100,001 and over	64

There were 164 holders of less than a marketable parcel of ordinary shares.

(b) Equity security holders

Twenty largest quoted equity security holders

Name	Number held	%IC
JL Mactaggart Holdings Pty Ltd [1]	26,902,500	8.34%
Fundsmith (London) [2]	18,841,086	5.84%
Masterbah Pty Ltd [1]	17,378,500	5.39%
Vinva Investment Management (Sydney)	13,767,228	4.27%
Selector Funds Mgt (Sydney)	12,157,993	3.77%
Hyperion Investor Mgt (Brisbane)	10,143,104	3.14%
Wasatch Global Investors (Salt Lake City)	9,085,974	2.82%
State Street Global Advisors (Sydney)	8,952,639	2.77%
First Sentier Investors (Sydney)	8,396,859	2.60%
Argo Investments (Adelaide)	6,784,564	2.10%
Dimensional Fund Advisors (Sydney)	6,306,246	1.95%
BlackRock Investment Management (Sydney)	5,597,121	1.73%
BlackRock Investment Management (San Francisco)	5,490,376	1.70%
Vanguard Group (Philadelphia)	5,429,294	1.68%
Macquarie Asset Management (Sydney)	5,176,058	1.60%
Acadian Asset Mgt (Boston)	5,017,279	1.55%
Pendal Group (Sydney)	4,901,587	1.52%
Mondrian Investment Partners (London)	4,864,792	1.51%
Lennox Capital Partners (Sydney)	4,796,723	1.49%
Walter Scott & Partners (Edinburgh)	4,500,000	1.39%
	184,489,923	**57.18%**

[1] Substantial holder (including associate holdings) in Technology One Limited.

[2] In their capacity as an investment manager, the following have lodged Form 604 notices as a Substantial Shareholder under section 608 of the Corporations Act: Fundsmith Group (5.00% as at 01/03/21)

(c) Voting rights

All ordinary shares issued by Technology One Limited carry one vote per share without restriction. Options and Performance Rights have no voting rights.

Corporate directory - Technology One Limited

Board of Directors

Adrian Di Marco

Pat O'Sullivan

Ron McLean

John Mactaggart

Richard Anstey

Jane Andrews

Sharon Doyle

Cliff Rosenberg

Peter Ball

Company Secretary

Stephen Kennedy

Paul Jobbins

Australian Business Number

84 010 487 180

Registered Office

Technology One Limited

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Fortitude Valley QLD 4006

Australia

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International: +617 3167 7300

Branch Locations

Brisbane

Sydney

Melbourne

Canberra

Adelaide

Perth

Hobart

Auckland

Wellington

Kuala Lumpur

Maidenhead

Auditor

Ernst & Young

Level 51, 111 Eagle Street

Brisbane QLD 4000

www.ey.com/au

Lawyer

McCullough Robertson

Level 11, 66 Eagle Street

Brisbane QLD 4000

www.mccullough.com.au

Share Registry

Link Market Services Limited

Locked Bag A14

Sydney NSW 1235

Phone: 02 8280 7454

Fax: 02 9287 0303

www.linkmarketservices.com.au

Stock Exchange Listing

Australian Securities Exchange
(ASX: TNE)

Corporate calendar

The following calendar shows the planned dates for significant shareholder events for the 2022 Year.
These dates are subject to change. The declaration of dividends is subject to board approval.

2022 (Year Ending 30 September 2022)	
Annual General Meeting	23 February 2022
Announcement of Half Year Results for 2022	24 May 2022
Media Interviews	24 May 2022
Presentations to Institutions – Sydney (tentative)	25 & 26 May 2022
Presentations to Institutions – Melbourne (tentative)	27 May 2022
Ex-Dividend for 2022 Interim Dividend	2 June 2022
Record Date for 2022 Interim Dividend	3 June 2022
Payment Date for 2022 Interim Dividend	17 June 2022
Announcement of Full Year Results for 2022	22 November 2022
Media Interviews	22 November 2022
Presentations to Institutions – Sydney (tentative)	23 & 24 November 2022
Presentations to Institutions – Melbourne (tentative)	25 November 2022
Distribute 2022 Sustainability Report	30 November 2022
Ex-Dividend for 2022 Final Dividend	1 December 2022
Record Date for 2022 Final Dividend	2 December 2022
Payment Date for 2022 Final Dividend	16 December 2022
Distribute 2022 Annual Report	16 January 2023
Annual General Meeting (2022 tentative)	22 February 2023

Notes:

Closing date for receipt of director nominations is 4 January 2022 in accordance with ASX Listing Rule 14.3 (35 days prior to AGM)

The Ex-Dividend date occurs one day before the Record Date

The Record Date is 5.00pm on the date TechnologyOne closes its share register to determine which shareholders are entitled to receive the current dividend

The Payment Date is the date on which TechnologyOne's dividend is paid to shareholders. The payment date is approximately 10 business days after the Record Date.

Closing date for receipt of director nominations is 3 January 2023 in accordance with ASX Listing Rule 14.3 (35 days prior to AGM)

TechnologyOne (ASX: TNE) is Australia's largest enterprise software company and one of Australia's top 150 ASX-listed companies, with locations across six countries. We provide a global SaaS ERP solution that transforms business and makes life simple for our customers. Our deeply integrated enterprise SaaS solution is available on any device, anywhere and any time and is incredibly easy to use. Over 1,200 leading corporations, government agencies, local councils and universities are powered by our software. For more than 34 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology.

ABN: 84 010 487 180

TechnologyOneCorp.com

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